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Beside the English seaside p.15

NEWS SUMMARY

GENERAL

Closure of 7 tube stations planned

Seven London tube stations and three branch lines will close, the Underground will operate only from 6 am to midnight, and bus services will be cut by 16 per cent under London Transport plans to ensure it breaks even.

The proposals, which must be approved by the GLC and Transport Secretary David Howell, anticipate a big fall in demand after fares double in March. Back Page

Merseyside County Council abandoned a threat to cut its bus, train and ferry fares by a further 10 per cent for fear of legal action.

Rape trials plea

The psychiatrist consulted in the rape case over which Scottish Solicitor General Nicholas Fairbairn resigned called for victims to be spared court appearances.

Carron arrested

H-block campaigner and MP-elect Owen Carron was arrested at Newry, Northern Ireland, with trying to enter the U.S. illegally.

Italian shootout

Police firing sub-machine guns freed a farm worker taken hostage in Italy by urban guerrillas who had robbed a bank and killed two policemen.

Ghana cabinet

Ghanaian military leader Jerry Rawlings named 18 civilians, including former opponents, to head ministries. Page 2

Awacs first

The first of 18 Boeing Awacs reconnaissance aircraft was handed over to Nato in West Germany. Threat to Hawk deal, Back Page

Medicines offer

Drug manufacturers will supply essential medicines to poor countries on favourable terms, the World Health Organisation said.

Vice racket

Australian police uncovered a racket which brought women from South America with forged papers to work as prostitutes.

Changes at BBC

Radio and TV news departments in the BBC will be split following Thursday's top management reshuffle.

Stone Age tribe

A naked tribe of cave-dwellers, ignorant of fire, was spotted in the Himalayan foothills by an Indian Army expedition.

Opium battle

At least 12 died in fighting between Thai troops and a 4,000-strong opium caravan led by a rebel Shan warlord.

Briefly . . .

Iraqi prisoners in Iran will be allowed visits from families.

Formula One drivers ended a one-day strike over contracts.

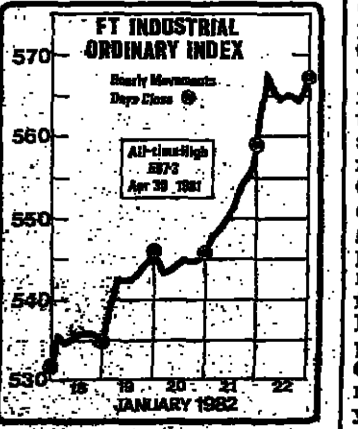
Walter Rohrl (Opel, West Germany) won the Monte Carlo rally.

BUSINESS

Inflation at 3-year low in U.S.

● U.S. INFLATION fell to 8.9 per cent in the year to December, the lowest annual rate since October 1978. Seasonally adjusted consumer prices rose 0.4 per cent last month. Back Page

● EQUITIES responded strongly to yesterday's base rate cuts. The FT 30-share index gained 8.1 to 567.2, taking the week's rise to 35.6. Page 28



● GILTS were also firm, with the Government Securities index up 0.23 at 64.15. Page 28

● STERLING weakened against most major currencies, closing at $1.873 ($1.881) and DM 4.2225 (DM 4.225), but rising to SwFr 3.4725 (SwFr 3.47). Its trade-weighted index was 90.9 (91.4). Page 27

● DOLLAR rose to DM 2.3065 (DM 2.2975), SwFr 1.8525 (SwFr 1.8425) and Y227 (Y225.6). Its trade-weighted index was 109.3 (108.9). Page 27

● GOLD fell $2.75 to $375 in London. In New York the Comex January close was $376. Page 27

● WALL STREET was down 3.14 at 845.13 near the close. Page 24

● WEST GERMAN federal budget for 1982 was approved by the Bundestag after four days of debate. Page 2

● U.S. OIL MAJORS will be subjected to special audits to check their royalty payments. Page 2

● RETAIL SALES volume fell a seasonally adjusted 0.9 per cent last month, said the Department of Trade. Back Page

● COAL INDUSTRY Bill, published yesterday, includes measures to give the NCB up to £940m in grants over the next two years. Page 3

● SEALINK UK, British and French seamen's unions and French railway company SNCF met in Paris for inconclusive talks aimed at keeping a British presence on the Newhaven-Dieppe ferry route.

● LEYLAND VEHICLES workers at the BL truck subsidiary's Bathgate plant near Glasgow joined the strike against a reorganisation plan. Page 4

● HONDA, the Japanese motor group, reported net profit down from Y74.9bn to Y38.6bn (£91m) for the first three quarters. Page 25

● LONDON and MANCHESTER Assurance resigned from the Life Offices Association. Page 3

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Treas 3pc 1986	£73	+ 1	Stirling Group	55	+ 7
Treas 11½pc 03-07	£79¼	+ 1½	Textured Jersey	92	+ 7
Assoc Comms A	75	+ 5	Tomatin	59	+ 3
Assoc Dairies	152	+ 6	Turner and Newall	106	+ 4
BTR	356	+ 14	Utd Biscuits	123	+ 5
Blue Circle	536	+ 10	Vickers	173	+ 6
Brooke Bond	54	+ 4	Whessoe	182	+ 6
Bunzl	108	+ 6	Anglo Amer Crp	630	+ 22
Bunzl Pulp & Palmer	108	+ 6	De Beers Dfd	352	+ 11
ICL	336	+ 8	ERGO	299	+ 14
Inchcape	320	+ 10	Gencor	950	+ 50
Land Secs	309	+ 9	Pengkalen	345	+ 15
MEPC	223xr	+ 7	Vaal Reefs	£32	+ 1½
Martin (R. P.)	325	+ 20	FALLS		
NatWest Bank	415	+ 10	Treas 2pc IL 2006	£89	− 1½
Owen Owen	212	+ 10	Fogarty (E.)	72	− 6
P. & O. Dfd	144	+ 4	Hambros Bank	146	− 9
Peters Stores	87	+ 5	Hambro Life	321	− 14
Plessey	368	+ 8	Newmark (Louis)	210	− 65
Sidlaw Inds	268	+ 13	Pilkington	293	− 7
Smith (W. H.) A	176	+ 6	Rank Org	174	− 5

Interest rate cuts lift City confidence

BY OUR FINANCIAL STAFF

HOPES OF economic recovery increased last night as UK interest rates fell sharply after a week when Europe's central banks acted to reduce the cost of borrowing.

The move raised the prospect of a long awaited reduction in the cost of home loans.

There is still concern, however, that the fall in interest rates has not been matched by the U.S., where rates moved higher again yesterday. Three-month Eurodollar interest rates rose ¼ of a percentage point, taking them above comparable UK interbank rates for the first time since autumn.

As optimism about interest rate prospects swept across the London financial markets:

● The UK clearing banks, led by National Westminster, reduced their base rates by a ½ a percentage point to 14 per cent.

● The average rate at the weekly Treasury bill tender fell more than 1 percentage point to 13.52 per cent, reflecting the sharp drop in short-term money market rates this week.

● Prices of long-dated gilt-edged stock rose £1 yesterday giving a rise of more than 4 points on the week. The equity market responded quickly to the fall in interest rates and the FT Index ended the week 35.6 points higher at 567.2.

● The Bank of England announced a surprise £750m 30-year issue of index-linked stock and reduced its money market intervention rates for the fifth consecutive day. Until this week they had been held unchanged since mid-December.

Mr Maurice Denton, general manager of National Westminster's domestic banking division, said yesterday that while seven-day inter-bank rates in the UK had come down slowly, the three-month rates had fallen noticeably and "we felt if we moved today, we could take the market down with us."

The bank has led the way on the past three occasions when rates fell. While other banks are more cautious they cannot remain out of line for long when a major rival moves. Within hours of NatWest's decision all the clearing banks had reduced their base rates by a similar amount.

Three of the Big Four clearing banks reduced their seven-day deposit rates to 11½ per cent. Barclays Bank cut its rate by a ¾ percentage point only, to 12 per cent.

The banks' action has led to increasing speculation they could soon reduce their home loan rates. Mr Denton said yesterday his bank would be looking at these once rates had settled down in the next couple of weeks.

He did not rule out the chance of a cut even if there was no further reduction in bank base rates. He said the banks would act probably before the building societies.

The building societies have seen base rates fall 2 per cent since they increased mortgage rates to 15 per cent in October. Although they welcomed yesterday's reduction they said it was unlikely to have any immediate effect on their own investment and borrowing rates.

The societies say competition from National Savings is restricting their freedom to reduce rates offered to investors and, therefore, those charged to home-buyers. In spite of their stance it seems clear the prospect of a cut in the record 15 per cent mortgage is drawing closer and that any reduction in National Savings rates would make it certain.

Mr Richard Weir, secretary general of the Building Societies Association, said the societies could not immediately cut their rates in view of competition for savings from National Savings.

"The ball is in the Government's court. They are clearly signalling a slight easing of interest rates but until it is reflected in National Savings rates we will not be able to follow the trend down."

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Money Markets, Page 27

Poland pledges payment of arrears on western debt

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

POLAND HAS told its Western bankers that it will complete interest payments still outstanding from last year by the middle of February, enabling it to sign a rescheduling agreement with the banks by the end of next month.

Payment of interest arrears, estimated at $250m (£133m), has been one of the major *stumbling blocks to signing* a rescheduling agreement under which repayment of about $2.4bn in *commercial bank debt* could be deferred until 1988.

Poland's message that it has set a *target date for completion* of the interest payments was seen by Western bankers as grounds for optimism that the country is serious in its intention to ward off default on its loans from the West.

More evidence of this has come from Polish expressions of willingness to grant entry visas to executives of the accounting firm Peat, Marwick Mitchell so they can complete auditing work on the rescheduling agreement in Warsaw.

But interest payments have been promised before by Poland and then not paid as some bankers pointed out yesterday. Moreover the Polish Government is understood to have introduced a new and rather delicate aspect to the affair by asking Western banks to provide some form of commitment to the idea of rescheduling debts falling due this year at the same time as they sign an agreement for 1981.

But few bankers doubted that Poland was in a position to find the money for the interest payments in the next few weeks even without the Soviet Union's financial help — forthcoming in the past.

"The Poles could manage to raise the money just by manipulating their accounts," one banker said yesterday. Money set aside to pay for imports could be temporarily diverted to meet interest payments.

The issue of rescheduling debts falling due this year will have to be considered carefully by the 501 banks concerned, some bankers said yesterday, as Western governments have suspended their separate talks with Poland on a 1982 rescheduling agreement because of the new military regime.

The Polish move is seen in some quarters as driving a wedge between the governments, whose main motivations are political, and the banks, *who have commercial considerations* in the need to write down their Polish exposure if no *rescheduling agreement can be* reached.

Poland to stay under martial law. Page 2

Ronson bids £46.6m for ACC

BY JOHN MOORE

MR GERALD RONSON, the head of Heron Corporation, yesterday mounted a £46.6m takeover bid for Associated Communications Corporation in an attempt to prevent control of the entertainments empire passing to Mr Robert Holmes à Court.

In a day of court room battles over Mr Holmes à Court and directors of ACC could go ahead with their planned transfer of à Court's business interests, Mr à Court's business intrests, Mr Ronson unveiled his bid "subject only to the outcome of the legal proceedings."

His bid, worth £10m more than that of Mr Holmes à Court, offers the 11,000 non-voting shareholders of ACC 85p in cash for each of their non-voting shares.

For the 35 shareholders who hold crucial voting shares, Heron is offering £3.40. The offer price for the voting shares has been carefully worked out by a formula established by ACC's articles of association.

The outcome of yesterday's court hearings was inconclusive and the action has been adjourned until Monday. A temporary injunction restraining the transfer of the voting shares in ACC remains in force until then.

Mr Ronson said yesterday: "Morale at ACC needs restoring. The troops need leading from the front."

He would not seek to block the record compensation payment to Mr Jack Gill, the group's former managing director who it is proposed will receive £560,000 and considerable property benefits. "Until I know all the facts it would be wrong to pre-empt the position," said Mr Ronson.

Pension funds and insurance companies who have invested in ACC were pleased by the Heron initiative.

One fund manager said: "We welcome the recognition of the value of the non-voting shares as indicated in the articles of association."

Other institutions are likely to hold on to their shares until they see whether Heron can prevent control of ACC from passing to Mr Holmes à Court in the legal action.

The Independent Broadcasting Authority warned yesterday that even *though* ACC might pass to a British company rather than the Australian business interests of Mr Holmes à Court, Mr Ronson would still have to reduce ACC's stake in Central Independent Television from its present level of 51 per cent.

The IBA said: "No one is buying Central. *Central is not* for sale. The franchises have been carefully negotiated over a period of time with the new management of the television contractors. We want to give the new management *at* Central a chance."

ACC directors "wanted A'Court bid to succeed", Page 3
Mr Ronson waits on a court trailer, Page 22

British Rail and unions to attend talks at Acas

BY PHILIP BASSETT, LABOUR STAFF

BRITISH RAIL and rail unions last night agreed to attend talks with the Advisory, Conciliation and Arbitration Service on the train-drivers' pay and productivity dispute.

The move followed a day in which rail services were hit by sporadic outbursts of unofficial industrial action.

BR was hoping last night that most services would return to normal today, though officials were cautious about making firm predictions the unofficial action would end.

Yesterday's disruption resulted from action by guards over new flexible rosters, and from separate action by drivers over an article in The Sun newspaper which alleged widespread abuse by footplate staff of BR's current rostering arrangements.

A threatened 24-hour strike by guards at Kings Cross station, London, was averted after intervention by the guards' union, the National Union of Railwaymen. Guards at Crewe, Chester, Alderley Edge, Birmingham and at seven Southern Region depots did walk out and services to Liverpool, Manchester, and to Kent and Sussex were hit badly.

Growing resentment at the NUR executive's decision to accept flexible rostering for guards—it was agreed on a 15-9 vote — was emphasised when about 40 guards lobbied a meeting of the NUR executive yesterday.

Mr Sid Weighell, NUR general secretary, said he thought the unofficial action was only a hiccup. Some NUR executive members, however, were pessimistic about the guards accepting the deal. Guards lobbying the NUR said they wanted the agreement rescinded.

Services from Waterloo, Liverpool Street and Kings Cross stations were disrupted by drivers' strikes over The Sun's article. It had alleged many drivers took advantage of the present roster system to take second jobs, to drink and to dance.

The two trainee drivers on whose information the article was based stood by their statements yesterday. But BR insisted the practices alleged were not widespread. BR will hold an inquiry into their allegations.

Most drivers who took action are expected to resume normal working. Drivers and guards at Kings Cross, however, won an agreement from BR local management that no trains would carry copies of any newspapers owned by Mr Rupert Murdoch, proprietor of The Sun. The ban will affect The Times, The Sunday Times and The News of the World, too. Drivers at Waterloo also blacked The Sun.

There were cautious hopes the talks called by Acas last night involving BR, three unions and Mr Len Murray, Trades Union Congress general secretary, might produce agreement on a formula to put the whole dispute to comprehensive arbitration. Strikes called by Aslef for next week would be suspended pending the inquiry's outcome.

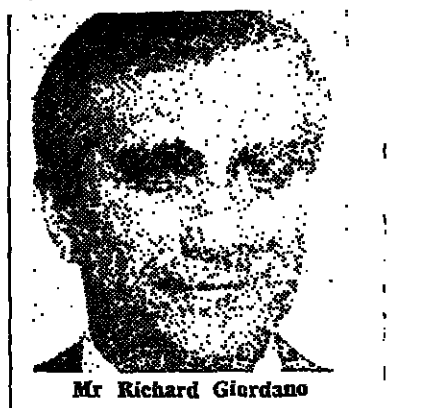
Before the start of the Acas meeting the BR Board approved its terms of reference for the arbitration. It is thought it will include an examination of all six key productivity changes BR is seeking.

● Mr Max Wallace, 23, one of the trainee-drivers who made the allegations in The Sun, is facing charges brought by British Transport Police. Mr Wallace, of Eastleigh, Hants, appeared before Eastleigh magistrates last Monday and was sent for trial at Southampton Crown Court on a date to be fixed.

He said last night he would deny all the charges. They are that between May and June he twice falsified another man's daily work-sheet with criminal intent; that he and a second man criminally damaged six BR light-bulbs at Eastleigh; and driving while disqualified.

£ in New York

—	Jan. 21	previous
Spot	$1.8730-8750	$1.8870-8885
1 month	0.14-0.09 dis	0.16-0.11 dis
3 months	nil-0.05 pm	0.08-0.03 dis
12 months	1.15-1.30 pm	0.80-0.95 pm



Mr Richard Giordano

BOC chief gets rise of 76% to earn £477,100

By Robert Cottrell

MR RICHARD GIORDANO, chief executive of the BOC Group, has consolidated his position as one of Britain's highest wage-earners with a salary of £477,100 for the year to September 1981, a 76 per cent increase over the £271,400 which he received in the previous year.

The figure is revealed in the industrial gases group's annual report published today.

Mr Giordano's new salary puts him well clear of other high earners featured in the Charterhouse Top Management Remuneration survey of commercial and industrial companies.

When last sighted, Lonrho's Mr "Tiny" Rowland was drawing £224,938 and ACC-bidder Gerald Ronson of Heron Corporation £207,000 in the year to March 1981. Shell Transport and Trading's highest-paid director last year had £255,765.

When Mr Giordano, 46, was appointed chief executive of BOC in June 1979 it was known that his salary would reflect his high earnings as president and chief executive of the group's U.S. subsidiary, Airco, his previous post.

In receiving this latest pay boost he has benefited from two factors other than a simple "rise". BOC directors have a bonus scheme related to company performance. Last year group pre-tax profits were 50 per cent up at £93m on sales of £1.52bn.

In addition he receives a proportion of his salary in dollars.

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BOC continues heavy spending, Page 22

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OVERSEAS NEWS

TV show may not win 300m audience

By Leslie Colitt in Berlin

THE ONE HOUR TV programme "Let Poland be Poland," to be produced by the U.S. Government and beamed by satellite around the world on January 31, is unlikely to reach the expected 300m viewers outside the United States.

Officials in Europe of the U.S. International Communications Agency, which is sponsoring the telecast criticising the military government in Poland, say it appears that far fewer European TV stations will be giving the programme live coverage than was hoped.

In the U.S. the public Broadcasting Service is to air the programme but some members of Congress want to allow one of the three major networks to carry it as well. In Britain the BBC and ITV have said they have no plans to show it.

Statements in support of Polish freedom will be made by President Ronald Reagan, Prime Minister Margaret Thatcher and Chancellor Helmut Schmidt while Frank Sinatra is to sing a Polish folksong.

A school choir will render the anthem of the Solidarity movement "Let Poland be Poland" in an English translation by the Nobel laureate Czeslaw Milosz. The host is to be Charlton Heston, and the former Polish ambassador to Washington, who defected in December, will narrate a film on Polish history.

Voice of America and Radio Free Europe are to beam the soundtrack of the programme into Poland and although their broadcasts are heavily jammed, they expect many Poles will be able to receive it live. RFE and VOA are also planning to blanket the rest of Eastern Europe and the Soviet Union with the programme, including running translations in Russian, Ukrainian and Latvian. It has been pointed out that the Ukrainians at least could not be expected to show much sympathy for Poland's plight as the two neighbours are traditional enemies.

Poland to stay under martial law

BY CHRISTOPHER BOBINSKI IN WARSAW

● Lech Walesa (left): The authorities say he is neither interned nor arrested, but his wife is demanding to know his status.

MARTIAL LAW will be maintained in Poland for an indefinite period "until the economy has been tidied up *and starts moving again,*" Gen Wojciech Jaruzelski, the Polish leader, told a small group of workers in Warsaw last week.

But he promised that "restrictions which weigh heavily on Polish society" will be lifted shortly.

A report of the eight-hour meeting quoting Mr Z. Wisniewski, a Gdansk shipyard worker who took part, was carried in a Gdansk newspaper which reached Warsaw yesterday.

The general also told the *hand-picked group of workers* that "the present unions will be kept in existence" and that the workers should decide which unions should be active in their plants. He also promised that workers' self-government councils would soon be reactivated.

Gen Jaruzelski *is* expected to announce relaxations of the martial law regime during a speech scheduled for a special session of parliament on Monday.

Meanwhile, Mrs Danuta Walesa, the wife of Lech Walesa, the Solidarity leader, has asked the authorities to define the status of her husband. So far, officials have said that Mr Walesa is neither interned or arrested.

Mrs Walesa, who will shortly give birth to their seventh child, has visited her husband *in detention and her letter is* apparently aimed at backing requests made by the Catholic Church for the transfer of Mr Walesa to church custody.

Trybuna Ludu, the Communist Party newspaper, has strongly attacked President Reagan's sanctions policy *again,* and blamed the ending of U.S. grain shipments for a catastrophic decline in grain-fed poultry production and the prospect of a 250,000 ton additional shortfall of meat this year.

The newspaper *contrasted the* reaction of Poland's "false friends" with the aid received from its Soviet and Comecon bloc allies.

Franco-Soviet gas talks reach deadlock

BY TERRY DODSWORTH IN PARIS

AN EMERGENCY session in the Franco-Soviet negotiations over Russian gas prices was being planned here late last night after five days of talks ended in deadlock yesterday afternoon.

Gaz de France, the French partner in the negotiations with Soyuzgas, said that the possibility of a deal remained open before the Russians left Paris on Sunday.

According to officials, the Russians seemed anxious to settle prices of the gas, which will be delivered through the planned new Soviet pipeline; although the French negotiators were sticking to their demand for lower prices than those charged to the West Germans.

The price talks follow agreement last year that France will buy about 8bn cubic metres of gas a year through the controversial pipeline. Negotiations last November cleared the way to a contract on prices, but the Polish crisis effectively killed hopes of concluding the deal in December.

Since then, the troubles in Poland have reopened a long-standing debate in the French administration about the degree of dependence on Russian gas which would be acceptable to the country. Some pro-American officials have argued for a substantial reduction in the 8bn cubic metres figure, which will mean that about 33 per cent of France's gas supplies, and 5 per cent of its global energy needs, will be supplied by Russia.

Although this argument concluded with the decision to stick by the original agreement, the prices talks have remained difficult.

WEST SPLIT BY U.S. LINE ON TRADE WITH EAST

Little Allied appetite for sanctions that bite

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

OFFICIALS FROM Nato countries meet in Brussels today for further consideration of economic sanctions against the Soviet Union. EEC Foreign Ministers will address the question on Monday.

These meetings may go some way to clarify Western policy on trade with the Soviet Union following the unilateral decision of the U.S. to impose sanctions on December 30.

But there are many indications that there is no general desire in the Western Alliance deeply to damage commercial links with the Soviet Union:

● The Canadian Government has signed a protocol with Moscow extending a longstanding commercial agreement for a further five years;

● Turkey has signed a trade agreement with the Soviet Union and a 50 per cent increase in two-way trade is expected this year;

● Count Otto Lambsdorff, the West German Economics Minister, noted Bonn's desire to maintain existing trade accords with the Soviet Union and said trade deals already arranged would go ahead. The UK Government also holds that sanctions policy should not touch existing contracts.

The Allies have stated, however, that they will not undermine the U.S. sanctions. This should strengthen Washington's decision to suspend the issue, or the renewal, of export licences for the export of electronic equipment, computers and other high technology goods to the Soviet Union.

It should also reinforce the U.S. decision to extend the export controls on the sale of oil and gas technology to the Soviet Union. These include compressors and gas turbines, sensors and meters, and thus affect the projected 5,000-km Siberia-West Europe gas pipeline.

But the Allies have still to agree a definition of what constitutes the undermining of U.S. sanctions.

At one extreme, it could constitute all selling of equipment related in any way to the products on the U.S. controlled list.

At the other extreme is the West German view. This holds only that sales should not be to substitute for goods to be supplied by U.S. companies in the role of main contractor.

Moscow tries to mend relations with Egypt

By Anthony McDermott in Cairo

THE SOVIET union is trying to mend its diplomatic relations with Egypt—almost broken off by the late President Anwar Sadat last September—through its economic links, in particular the High Dam at Aswan, built in the 1960s.

Mr Maher Abaza, Minister of Energy, has announced that Egypt would welcome the participation of the Soviet Union, along with the U.S. and France, in redeveloping parts of the High Dam.

The dam, a pyramid of tribute to Egyptian-Soviet friendship during the Nasser era, was built to Soviet specifications and with *Soviet aid.*

At the same time, the weekly magazine Al-Musawwar, in its most recent issue, has reported that a delegation of Egyptian foreign trade specialists would be visiting the Soviet Union later this month.

The same magazine reported that Egypt has agreed to a demand by the Soviet Union that the size of its embassy in Cairo could be increased.

Last September, Mr Sadat expelled the Soviet ambassador and six other diplomats and all technical officials. It was also suggested that the Soviet Union had implicated Egyptians in two spy plots. Those involved have been released since by President Mubarak.

The High Dam at Aswan in southern Egypt has become an inevitable political and economic issue as some of its parts have become worn or outdated. But, at the same time, its continuing function is essential as, according to Mr Abaza, it provides 65 per cent of Egypt's energy needs.

Thus, the Egyptian Government has developed a seven-year rehabilitation programme, which includes the replacement of some of its 12 turbines, each of which has a current capacity of 175 Mw (though two are kept in reserve at any one time).

It would also include the replacement of some turbine blades and the gradual modernisation of the six twin-turbine power stations.

So far, the U.S. has pledged aid to help replace some turbines under a contract to be executed by Allis Chalmers. France is undertaking a technical and feasibility study of the repair of the blades of one station.

Since the Soviet Union was the main architect of the 20-year-old High Dam, it is thought important that it should be involved in consultations and contributions on its modernisation.

Royalty checks for U.S. oil companies

BY ANATOLE KALETSKY IN WASHINGTON

James Watt: inquiry

EXXON AND Texaco and 23 other leading oil companies will be subjected to special accelerated audits to check on their royalty payments to the U.S. Government, Mr James Watt, Interior Secretary, said yesterday.

Mr Watt's statement followed the release of a report on Wednesday which estimated that the Federal Government is losing about \$10m (£5.3m) a week in revenues as a result of underpayment of oil and gas royalties and "oil theft" from federal and Indian lands.

The Interior Department has emphasised that "there is no implication that the companies singled out for special audits are particularly suspect."

They have been selected because they are the largest leaseholders and detailed auditing of their oil production and royalty payments is likely to prove most "cost effective" for the Interior Department.

The audits referred to by Mr Watt have been going on for some time but it has been decided to intensify them in response to the findings of the special inquiry on royalty underpayment.

Mr Watt also said that any evidence of deliberate underpayment uncovered by his department would be passed on to the Justice Department for criminal prosecution. One of the recommendations of the *special commission* was that fines for royalty underpayment should be increased to \$10,000 per day.

In a separate statement made this week, Mr Watt indicated that he would be seeking to increase oil and gas royalties from federal land from 12½ per cent to 16⅔ per cent, the rate which is already paid on offshore and Indian reservation leases. This move will require Congressional approval.

Rival abortion protests put Reagan under pressure

BY ANATOLE KALETSKY IN WASHINGTON

WASHINGTON was reminded yesterday that abortion is likely to become one of the biggest political issues in the U.S. during the coming year. Thousands of militant anti-abortionists and women's rights supporters converged on the city to take part in opposing demonstrations held to mak the ninth anniversary of the supreme court decision which legalised most abortions.

At the same time, the Roman *Catholic Church designated* yesterday as "a national day of fasting and prayer for the unborn" while supporters of women's rights held interdenominational services to underline "widespread support for abortion rights among the majority of the nation's religious groups."

President Ronald Reagan has been under strong attack from Liberals because of his outspokenly anti-abortion views in his election campaign. But extreme anti-abortionists have also criticised him for not giving even more wholehearted support for their attempts to introduce a constitutional amendment that would make abortions very difficult, even in the most extreme cases, such as rape.

Senator Jesse Helms is trying to move this constitutional amendment through the congress this year, but it is becoming increasingly clear from public opinion polls that he does not have the support of majority opinion in the nation.

BUILDING SOCIETY RATES

	Deposit rate %	Share accounts %	Sub'pn shares %	*Term shares %
Abbey National	9.50	9.75	11.00	11.76 6 years. Sixty plus, 10.75 1 year high option, 10.25-11.75 1-5 years open bondshare
Aid to Thrift	10.50	10.75	—	—
Alliance	9.50	9.75	11.00	11.75 5 yrs., 11.25 4 yrs., 10.75 3 yrs., 11.00 £500 min., 3 mths.' notice
Anglia	9.50	9.75	11.00	12.00 6 yrs., 10.75 1 mth. not. int. loss
Bradford and Bingley	9.25	9.75	11.00	10.75 1 month's notice deposit
Bridgwater	9.50	9.75	11.25	11.75 5 yrs., 10.85 2½ yrs.
Bristol Economic	9.75	10.50	11.00	9.75 3 months' notice and 10.75 on balance of £10,000 and over. Escalator sbs. 10.25-11.75 (1-5 y).
Britannia	9.50	9.75	11.00	11.25 4 yrs., 11.00 2 months' notice
Burnley	9.50	9.75	11.00	11.75 5 yrs., 10.75 3 months' notice
Cardiff	9.50	10.50	11.50	—
Cardiff	—	†11.00	—	— Share a/c bal. £10,000 and over
Catholic	9.50	10.00	11.00	11.25 Extra share 3 months' notice
Chelsea	9.50	9.75	11.00	12.00 3 months interest penalty
Cheltenham and Gloucester	9.50	9.75	11.00	—
Cheltenham and Gloucester	—	10.75	—	— Gold Account. Savings of £1,000 or more (9.75 otherwise)
Citizens Regency	—	10.00	11.25	12.00 5 yrs., 11.05 3 mths.' notice a/c, 11.30 6 mths.' notice a/c
City of London (The)	9.75	10.00	11.25	11.25 Capital City shs. 4 mths.' notice
Coventry Economic	9.50	9.75	11.25	11.50 4 yrs., 11.25 3 yrs., 11.00 3 mths.
Derbyshire	9.50	9.75	11.00	10.25-10.85 3 months' notice
Ealing and Acton	9.50	10.25	—	10.90 2 years, £2,000 minimum
Gateway	9.50	9.75	11.00	11.75 5 yrs., 11.25 4 yrs., 10.75 3 yrs.
Gateway	—	10.75	—	— Plus a/c £500 min. Int. ½-yearly
Greenwich	—	10.00	11.25	12.00 5 yrs., 11.25 3 months' notice
Guardian	9.50	10.00	—	11.75 6 mth., 11.25 3 mth., £1,000 min.
Halifax	9.50	9.75	11.00	11.75 5 yrs., 11.25 4 yrs., 10.75 3 yrs.
Heart of England	9.50	9.75	—	— 3 mths.' notice 10.75, 5 yrs. 11.75
Hearts of Oak and Enfield	9.50	10.00	11.50	11.75 5 yrs., 11.25 6 mth., 11.00 4 mth.
Hendon	10.00	10.50	—	11.50 6 mths., 11.25 3 mths.
Lambeth	9.50	10.00	11.75	12.00 5 yrs., 11.75 6 months' notice
Leamington Spa	9.60	9.85	13.20	11.35 1 year
Leeds and Holbeck	9.50	9.75	11.50	11.75 5 yrs., 10.75 1 mth. int. penalty
Leeds Permanent	9.50	9.75	11.00	11.75 3 yrs. E.I. a/c £500 min. 10.75
Leicester	9.50	9.75	11.00	11.75 5 yrs., 11.25 4 yrs., 10.75 3 mths.
Liverpool	9.50	9.75	11.05	11.75 5 yrs., 10.80 1 mth. int. penalty
London Grosvenor	9.50	10.25	12.00	10.75 3 months' notice
Mornington	10.50	11.00	—	—
National Counties	9.75	10.05	11.05	10.75 35 days' notice min. dep. £500, 6 mths.' 11.15 min. dep. £500
Nationwide	9.50	9.75	11.00	11.75 5 yrs., £500 min. 90 days' notice. Bonus a/c 10.50 £2,500 min., 10.75 £10,000 + 28 days' notice
Newcastle	9.50	9.75	11.00	11.75 4 yrs., 10.75 2 mths.' notice or on demand 28 days' int. penalty
New Cross	10.50	10.75	—	10.75-11.50 on share accs., depending on min. balance over 6 months
Northern Rock	9.50	9.75	11.00	11.75 5 yrs., 11.25 4 yrs., 10.75 3 yrs.
Norwich	9.50	9.75	11.25	10.75 3 yrs., 10.50 2 yrs.
Paddington	9.25	10.25	11.75	11.25 Loss 1 month int. on sums wdn.
Peckham Mutual	9.75	10.75	—	11.25 2 y, 11.75 3 y, 12.25 4 y, 11.0 Bns.
Portman	9.50	9.75	11.25	11.75 5 yrs., 11.00 6 months' notice, 10.75 3 months' notice
Portsmouth	9.85	10.05	11.55	12.10 (5 yrs.) to 11.50 (6 mths.)
Property Owners	9.75	10.25	11.75	11.75 4 yrs., 11.75 6 mth., 11.05 3 mth.
Provincial	9.50	9.75	11.00	12.00 4 yrs., 11.25 3 yrs., 10.75 2 mths.
Skipton	9.50	9.75	11.00	10.85-11.00 28 days' interest penalty
Sussex County	9.75	10.00	12.25	11.00 instant withdrawal option
Sussex Mutual	9.75	10.25	11.50	10.50-11.75 all with special options
Town and Country	9.50	9.75	11.00	12.00 5 yrs., 11.75 3 yrs. wdl. facilities, 11.00 wdl. facilities
Wessex	9.75	10.75	—	—
Woolwich	9.50	9.75	11.00	11.75 3 yrs. £500 min. 90 days' not. on amt. wdn., 10.75 £500 3 mth. not.
Yorkshire	9.50	9.75	11.00	11.25 5 yrs., 11.25 4 yrs., 10.75 3 yrs., 10.25 2 yrs., 11.05 Golden key, 28 days' penalty interest

*Rates normally variable in line with changes in ordinary share rates.
† From February 1 1982.

All these *rates* are after basic rate tax liability has been settled on behalf of the investor.

Military names ministers in Ghana

By Our Correspondent in Accra

THE MILITARY government in Ghana of Flt.-Lt. Jerry Rawlings last night announced the names of 18 civilians to head government ministries. They include prominent politicians from the banned civilian parties.

None of the 18 have served in the administration of deposed President Hilla Limann, but many are well known radicals and admirers of Kwame Nkrumah, Ghana's first socialist head of state.

The announcement is seen as something of a triumph for Flt.-Lt. Rawlings in overcoming the resistance of civilians to become identified with his government before it had made clear its policies.

Flt.-Lt. Rawlings overthrew the democratically-elected head of state President Limann in a coup on New Year's Eve, and has since declared a war against the corruption which has contributed to Ghana's economic decline.

The latest announcement *shows that he* is trying to form a broadly-based national government including politicians, civil servants and members of the liberal professions.

One of the best known is Mr Johnny Hansen, a lawyer and prominent member of a radical splinter group of President Limann's ruling Peoples National Party, who becomes Secretary of the Interior.

Plans to unify Korea put forward

President Chun Doo Hwan yesterday proposed a formula for unifying North and South-Korea which calls for cabinet-level delegates from the North and South to arrange a summit, writes Ann Charters in Seoul.

After a summit, the two would work on a seven-point programme to normalise relations, including an agreement to abandon military force and violence.

World Bank to honour Indian loan commitment

By K. K. Sharma in New Delhi

THE WORLD BANK will honour its commitment to lend \$2.1bn (£1.1bn) to India in 1982, but the proportion of this that would come from the bank's soft loan affiliate, the International Development Association, *would* come down significantly because of the shortfall in its funds.

This was the main message given by Mr A. W. Clausen, president of the World Bank, at the end of his five-day visit *to India yesterday, when* he *made* it clear that the terms on which India was given loans would have to harden.

Mr Clausen agreed that India qualified for soft loans because of its low per capita income of \$200. But the World Bank felt that other countries such as those in Africa should benefit increasingly from IDA funds because, unlike India, they had no alternative source of external financing.

India has traditionally obtained 40 per cent of IDA Funds, which are lent without any interest and repayable over 50 years, and hence are virtual grants. Mr Clausen made it clear that this share would have to fall sharply but the World Bank would try to make this up from other sources, like the main bank and the International Finance Corporation.

Mr Clausen agreed that the energy affiliate of the World Bank may not be employed because of U.S. opposition, but said the World Bank intended to step up loans to developing countries for investment in energy projects.

He said that China would not qualify for IDA loans *until its seventh replenishment* in 1983 and to that extent its membership of the World Bank did not affect other developing countries.

Syrian soldiers killed on border

By Louis Fares in Damascus

TWO MEMBERS of a Syrian army patrol were killed by a group of armed infiltrators from Jordan who crossed the Syrian border late on Thursday, the Syrian Interior Ministry announced yesterday.

Our foreign staff adds: The Jordanian Government recently accused a Syrian diplomat in Amman of being behind a bomb explosion in the Jordanian capital.

Tokyo mission

MR ZENKO SUZUKI, the Japanese Prime Minister, has *decided to send a mission to* the U.S. and Western Europe, led by senior politicians from the ruling Liberal Democratic party to explain Tokyo measures to end friction with its trading partners, our World Trade staff write.

French corporation's loss highlights prices dilemma

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government's dilemma over the level of price increases that will be permitted in the public sector has been brought into focus sharply by the announcement yesterday of a FFr 4.3bn (£398m) loss by Electricite de France (EDF).

Officials at EDF have blamed the loss, in part, on the Government's holding down of increases in tariff charges below the levels of fuel costs.

M. Charles Chevrier, managing director of EDF, indicated that the state electricity corporation would this year be seeking tariff increases of beyond 10 per cent.

As an element of the Government's anti-inflationary strategy, M Jacques Delors, Finance Minister, announced recently that increases in public sector tariffs would be pegged this year at 10 per cent. The ruling applies principally to the railways and the gas and electricity industries.

Though price regulation is also in force in the service and retail sectors, industry is being left free to raise its prices because of companies' squeezed profit margins.

The Government's anti-inflationary policy is, however, at odds with its goal of keeping down deficits in the public sector. Reflecting the EDF's attempts to secure a larger increase, M Chevrier hinted that the Government might show flexibility for industries hit by the energy crisis.

M Edmond Herve, Energy Minister, said that increases in electricity prices *this year* would take account of both inflation and the balancing of EDF's accounts.

EDF has argued that the 15 per cent increase in tariffs it was allowed in July failed to reflect the full increases in fuel costs.

W. German budget passed

BY JONATHAN CARR IN BONN

THE WEST GERMAN federal budget for 1982 has passed its last major hurdle, gaining approval in the Bundestag (lower house of Parliament) yesterday against the votes of the Christian Democrat opposition.

The budget, which was voted through after four days of intense debate, totals DM 240.5bn (£56.3bn)—3.2 per cent higher than for 1981.

The net borrowing requirement is given as DM 27.8bn (£6.5bn) which, if actually achieved, would be about DM 10bn less than the net sum borrowed in 1981.

The biggest single budget item—DM 53.8bn (£12.6bn) is for Labour and Social Affairs Ministry—and the second biggest—DM 44.3bn is defence.

Canadian row over election vow

BY VICTOR MACKIE IN OTTAWA

Pierre Trudeau: held regular discussions

CANADIAN Governor-General Mr Ed Schreyer has indicated that he would have forced a federal election rather than permit Mr Pierre Trudeau, the Prime Minister, to proceed to implement his constitutional reform unilaterally against opposition from the 10 Canadian provinces.

Mr Schreyer's remarks have roused a furore in Canada *because the constitutional* propriety of such a dissolution is in doubt. The Governor-General was interviewed by the Canadian Press news agency as he finished the third year of his five-year term.

He said that if November's *last-ditch constitutional* conference had failed "and there was an absolute absence of willingness to discuss anything any further, the only way out . . . would have been to cause an election to be held." Before that conference, eight provinces objected to Mr Trudeau's plan. But opposition crumbled and Quebec was left as the lone opposition.

Mr Schreyer, who followed the issue closely and discussed *it frequently with Mr Trudeau,* stressed that nothing prior to the conference suggested to him that such extraordinary action from him would be required.

"It wasn't anywhere near that," he said. But in the case of a total impasse "there is more than ceremonial power here . . . there is legal authority."

Mr Eugene Forsey, a former senator, and a constitutional authority, said on Friday that Mr Schreyer's remarks were "indiscreet beyond belief." He knew of no constitutional authority that would allow Mr Schreyer to take such action.

However, Mr. Forsey acknowledged that some people had suggested to him that if Mr Trudeau had proceeded unilaterally, Mr. Schreyer might have refused to forward the constitutional resolution to London.

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ACC directors 'wanted a Court bid to succeed'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE DIRECTORS of Associated Communications Corporation were prepared to diminish the company's assets to facilitate the bid made for it by Mr Robert Holmes à Court, it was alleged in the High Court yesterday.

The allegation was made by counsel for Heron Corporation, which earlier in the day had formally announced its rival offer of £[illegible] for ACC—over £10m more than the bid by Mr Holmes à Court.

Mr Samuel Stamler, QC, for Heron, said ACC had reached an agreement with the Independent Broadcasting Authority, whose approval was required for the transfer of ACC shares.

The effect of that agreement was that ACC's shares in Central Independent Television would be voted in Central's interests and not those of ACC.

The directors had also agreed to give the IBA the power to require ACC to dispose of all or some of the Central shares.

ACC's directors were acting in grave breach of their fiduciary duty Mr Stamler asserted.

He added: "One has rarely seen such a complete abnegation by directors of their primary duty." It had all been done by the ACC directors "to allow one of the potential bidders to win the race."

Mr John Wilmers, QC, for ACC and its directors, strongly denied any wrongdoing. The IBA agreement, he said, simply meant that ACC was giving up voting control of Central on a temporary basis.

He said: "Whether that is a right or wrong thing for directors to do has to be considered in the light of the circumstances of ACC. That includes its financial circumstances and its need for immediate finance."

ACC wanted to be in a position to re-finance, said Mr Wilmers, and for that they needed to be able to transfer their shares.

ACC opposed Heron's application for renewal of an injunction granted on Tuesday stopping the ACC directors including Mr Holmes à Court, from approving or effecting any transfer of the ACC voting shares.

The hearing was adjourned until Monday, the injunction being continued until then.

Heron did not seek continuation of an injunction, also granted on Tuesday, stopping the IBA approving the offer for ACC made by Mr Holmes à Court's master company, The Bell Group.

When yesterday's hearing began Mr Richard Southwell, QC, for the IBA, said the authority had not given any unconditional consent to the proposed share transfer. It had said it would consent, subject to certain conditions being fulfilled.

De Lorean seat supplier forced on to short-time

BY OUR BELFAST CORRESPONDENT

THE PROBLEMS hitting the Government-backed De Lorean sports car company in Belfast have forced its biggest Northern Ireland supplier on to short-time working.

CP Trim, which makes the seats and other items of interior soft trim for the De Lorean car, will introduce two-day working for 140 of its 220 employees from next week.

The move is caused by De Lorean's decision to cut production from 400 to about 200 cars a week because of cash-flow problems and low sales in the U.S. market.

CP Trim is the only company established in Northern Ireland as a direct result of the De Lorean project. Although its plans major diversification, its short-term fortunes depend on the car's success. The company is a joint venture between Chamberlain Phipps, the Northern Ireland Development Agency and De Lorean.

Officials of the Transport and General Workers' Union and the Amalgamated Union of Engineering Workers representing the 2,600 employees at De Lorean are seeking an urgent meeting with Mr James Prior, Northern Ireland Secretary, to urge further Government support for the company.

John Griffiths writes: Mr John De Lorean returned to New York yesterday, saying he was still hopeful of securing further Government help. He said that at his meeting on Thursday night with Mr Prior, "We didn't ask for any more money. All we asked for was a modest restructuring of the existing funds."

Mr De Lorean has said he wants about £35m in export finance guarantees from the Export Credits Guarantee Department.

London and Manchester resigns from LOA

BY ERIC SHORT

ANOTHER life company, London and Manchester Assurance, yesterday announced its resignation from the Life Offices Association. This brings to six the number of life companies that have walked out of the association in just over 18 months.

London and Manchester left because, like the other companies that resigned, it wished to pay higher commission to intermediaries than allowed under the LOA's sliding scale.

But the reasons for London and Manchester's decision are somewhat more complex than with the other companies.

In 1974, London and Manchester assumed responsibility for the operations of Welfare Insurance, a life company that had run into financial difficulties. This move was encouraged by both the Department of Trade and the LOA. In 1976 Welfare became a wholly-owned subsidiary of London and Manchester.

But while London and Manchester was a member of the LOA, Welfare was not and this situation has remained.

Last April the LOA asked London and Manchester to give a more definite commitment to bringing the commission structure of Welfare into line with the LOA scale so Welfare could be admitted to the association. Discussions have continued since then.

Meanwhile, London and Manchester has been reviewing its future development and has adopted a marketing strategy aimed at expanding its unit-linked business through the professional intermediary market. In this respect it felt the LOA commission scale was not sufficiently high to attract the interest of the intermediary.

Accordingly, the company reviewed its whole position and decided that its strategy could best be achieved outside the association.

Marconi to shed further 120 jobs

By Mark Webster

THREE BRITISH companies yesterday announced redundancies because of falling orders.

Marconi, part of the GEC electrical group, said 120 jobs would be lost at its specialised components factory at Hackbridge, Surrey.

Orders had been falling over the past five years and another GEC company, Salford Electrical Instruments in Manchester, would take over the work it said.

On Wednesday, Marconi announced that 750 workers at its Chelmsford and Gateshead plants would lose their jobs because the Ministry of Defence had cancelled the Marconi contract for the Seawolf missile radar system.

E. Fogarty, which manufactures household textiles and processes feather, down and man-made fibre fillings, said it was shutting two of the group's smaller factories at East Kilbride in Scotland and Bury, Lancashire with the loss of 230 jobs.

The group said the closures were part of a continuing effort to cut costs because of disappointing sales in the last quarter of last year. Profits for last year are likely to be slightly less than for 1980 when they reached £1.55m on sales of £34.1m.

E. Fogarty expects the redundancies, which amount to 15 per cent of the total workforce, to be reflected in this year's financial performance.

Smiths Industries, manufacturers of aerospace, vehicle and marine equipment said 200 jobs would go in Witney, Oxfordshire.

The company said there had been a temporary interruption in its deliveries of heaters to Talbot vehicle manufacturers. It also said there had been a delay in introducing new work practices in the Witney plant such as greater flexibility of labour and pay structure.

Our Belfast Correspondent writes: Harland and Wolff, the state-owned Belfast shipyard, is to put 900 of its 7,000 employees on short-time working from next month. Those affected, mainly in the engineering section, will go on a four-day week because of a continuing lack of orders.

Dr Vivian Wadsworth, the Harland and Wolff chairman, recently warned that up to 1,000 shipyard jobs could be lost if new work were not found soon.

James Mackie and Sons, the Belfast textile engineering company, is expected to announce 300 redundancies next week because of reduced export demand. These job losses will be in addition to 600 announced in the autumn and will bring the labour force to about 1,500.

BSC silent on Redpath jobs threat

By Maurice Samuelson

BRITISH STEEL remained silent yesterday about the possibility of further job cuts at Redpath Dorman Long, its heavy engineering subsidiary, which may be sold to the Trafalgar House group.

RDL's workforce has already been slashed from more than 6,000 to 3,200 in recent years and Trafalgar says it would only take on 2,600 employees. It has also called for the closure of one of RDL's eight engineering works.

On Wednesday, Mr Eric Parker, a Trafalgar director, said a decision to purchase RDL also depended on its net asset valuation, which he put at £10m.

Last year, RDL, a wholly-owned BSC subsidiary, cut its losses to £7m from £16m after interest the previous year.

Another £940m needed for NCB

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE GOVERNMENT is asking Parliament for powers to give the financially troubled National Coal Board up to £940m in grants over the next two years.

The move—part of a new Coal Industry Bill published yesterday — underlines the severe impact of the recession on the NCB's sales, the grim marketing outlook it faces over the next few years and the heavy financial burden of its most unprofitable pits.

The Bill, which also raises the NCB's borrowing limit from £4.2bn to £4.5bn, is the price the Government has to pay for its backdown from a confrontation with the miners over pit closures last year.

The miners threatened a national stoppage last February when the NCB announced plans for the premature closure of some 20 loss-making pits.

To avert a strike, the Government agreed to give the NCB additional aid to keep the pits open. The board's external financing limit—the amount it can borrow—was raised for 1981-82 by £231m to £1.1bn and its deficit grant for the year—the subsidy needed for it to break even—went up from £150m to £460m.

The sums involved meant that the Government would be exceeding its statutory limits on aid to the NCB—making a new coal Bill necessary.

Under existing legislation—introduced by the present Government in April 1980—the NCB can receive a maximum of £590m in Government deficit grants between 1979-80 and 1982-83.

The new Bill would set a new grant limit of £1bn for the years 1979-80 to 1983-84—thus covering five years instead of four—and this could be raised to £1.75bn by Parliamentary order.

Government grants to the industry in the three years to March will total £809m, leaving £941m out of the £1.75bn total for possible distribution in 1982-83 and 1983-84.

It is far from certain that the Government will disburse such huge sums, but private analysts believe that grants of at least several hundred million pounds are likely to be necessary in each of the next few years unless the NCB again tries to accelerate its pit closure programme.

The board's continued heavy reliance on Government is a far cry from the 1980 Coal Bill which envisaged the NCB breaking even without Government subsidies in 1983-84. The Energy Department is no longer making predictions about a break-even date.

The department delayed publication of the coal Bill until after the miners' pay ballot this month, fearing that it would be seen as a sign of Government largesse. But the department is now keen for the Bill to pass through Parliament before the end of the financial year in March. If it did not, the NCB would face cash-flow problems.

Prior calls for balanced economic strategy

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

MR JAMES PRIOR, the Northern Ireland Secretary, yesterday set the tone of the arguments the "wets" will be using in next week's special Cabinet meeting on the economy with a call for a "balanced and practical" approach to Britain's economic problems.

Using the usual heavy code Tories use to communicate with each other in public, he urged his colleagues to support measures to strengthen Britain's industrial base.

He appealed to them to bear in mind the overriding public concern about unemployment. Sound economic judgment, must go hand in hand with sound political judgment.

In a speech in his Lowestoft constituency, Mr Prior also backed the need for an industrial strategy of the kind long-advocated by Mr Peter Walker, the Agriculture Minister, and more recently taken up by Mr Patrick Jenkin, the new Industry Secretary.

Mr Prior and other "wets" in the Cabinet will probably argue next week for expansionary measures of between £2bn and £3bn, involving some capital spending projects and additional spending on housing.

In his speech last night, Mr Prior did not go into details of what he wanted but concentrated on the kind of attitude the Government should be adopting at this crucial stage of its life.

The "structural problems" facing Britain — such as inefficient use of capacity and an inadequately-skilled workforce —all called for a "balanced approach" by the Government, with particular attention being given to the needs of industry.

What the Government had to bear in mind was that at the end of the day beating inflation and tackling unemployment depended on a sound industrial base.

It was right that people should be so concerned to tackle "these twin economic evils." The Government's future depended on establishing a good, underlying structure for the economy.

He said: "We shall risk playing Box and Cox with inflation and unemployment for many years yet if we do not focus on the deeper problems which, in fact, generate both of them."

Mr Prior rejected the arguments of those calling for a really big dose of reflation. It was no use simply trying to reduce unemployment by pumping massive sums of money indiscriminately into the economy, nor was it any use "simply proclaiming that the only solution to inflation is to set oneself flint-faced against any request for extra spending."

There was no single way of helping industry. Different situations required different solutions.

"In some industries labour relations and skill shortages might be foremost. In others it may be certain costs which pose the main problem, or it may be the need for extra investment. Or the sheer urgency of the need for a pick-up in orders if vital and basically efficient capacity is not going to be lost for good."

Like every other modern government, he said, Britain had to develop "clear strategies" to identify products and processes for help and support.

Law Commission probe into consumer protection

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE LAW COMMISSION will investigate how to strengthen the law to give consumers greater protection in the provision of services, Mrs Sally Oppenheim, Minister for Consumer Affairs, announced yesterday.

She was speaking in the Commons as MPs gave a second reading to a Private Member's Bill which, for the first time, spelt out consumers' rights to have services provided with reasonable skill and care, within reasonable time and at reasonable cost. The Bill now stands a good chance of eventually becoming law.

MPs supporting the measure, presented by Mr Fred Willey (Lab, Sunderland North), were particularly concerned at complaints over freelance mechanics, plumbers and small builders. Another Private Member's Bill, by Gwilyn Roberts (Lab, Cannock), seeking more accurate descriptions of property by estate agents, failed to get a second reading.

But Mr Reginald Eyre, Under-Secretary for Trade, indicated that the Government was prepared to look into this and introduce further legislation if necessary. Mr Eyre said that the Estate Agents Act 1979 should help raise standards. But Mrs Oppenheim would certainly consider whether there was any need for further government action and the best vehicle for such action.

Speaking on Mr Willey's Supply of Goods and Services Bill, Mrs Oppenheim said more and more people were turning to the "little man round the corner" to do cheap building, plumbing and other service jobs for cash.

Some of these were "disastrous" and recourse was very difficult. Consumers should be warned that cheap could turn out to be very dear indeed.

There was ample evidence of people being tricked by unscrupulous individuals

Norwich council appeals against Heseltine powers

NORWICH CITY Council, asked the Court of Appeal yesterday to ban Mr Michael Heseltine, the Environment Secretary, from taking over the sale of its council houses to speed sales to tenants under the Government's "Right to buy" campaign.

Lord Denning, Master of the Rolls, who was told that a letter from Mr Heseltine warning of "personal consequences" was taken by councillors as a hint that they might be surcharged personally, said: "It looks like a big stick to me, though."

Last month the High Court rejected the council's claim that Mr Heseltine acted unreasonably and unlawfully in deciding to take over sales after complaints of delay from tenants wanting to buy.

Opening the appeal yesterday Mr Nigel McLeod, QC, for the council, told Lord Denning and Lord Justices Kerr and May that Mr Heseltine's power to intervene was conferred by the 1980 Housing Act.

A major issue in the case involved the district valuer's part in the selling process. Mr Heseltine had suggested the valuer could be called in by the council to help in valuations, and so speed disposal of property.

The council said this was improper because the district valuer had to arbitrate between council and potential buyer if a dispute arose over the price fixed.

The council denies Mr Heseltine's accusation that it has "dragged its heels" over house sales, and says it is doing its best to clear a backlog of valuations.

Mr Heseltine has said he wants the backlog cleared by mid-February. The council says it can clear it by June, except for some difficult cases.

Lord Denning said the Secretary of State had "very strong powers" to take over a council's homes sales machinery.

The hearing resumes on Monday.

Sale of St George's Hospital site cleared

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT has cleared the way for the sale of the St George's Hospital site at Hyde Park Corner, London, which the Grosvenor Estate wishes to restore and partly redevelop.

The announcement, by Mr Geoffrey Finsberg, Under-Secretary for Health and Social Security, led to angry Commons protests from Labour MPs yesterday.

Half the site was acquired originally from the Duke of Westminster in 1767 and used as a hospital at a peppercorn rent. The present duke, the largest private landowner in London, is chairman of the estate trustees.

Under the original covenant the estate can now exercise its pre-emption right to buy back its half for £23,700, a sum fixed in 1906, because the historic building with its William Wilkins facade has ceased to be used as a hospital.

This proposal for one of London's most desirable prime sites angered Labour MPs. They say it should continue as a hospital.

Mr Finsberg told the Commons that on legal advice his department concluded the only course open was to offer half the site back to the Grosvenor Estate under the covenant terms. It had been decided the entire site be disposed of at the best commercial price obtainable.

Mrs Gwyneth Dunwoody, who speaks on health for the Labour Party, said the building was in one of the most lucrative commercial development areas of any capital city. It should be used for the nation, either by the National Health Service or another government department.

She condemned the decision to hand back "a priceless asset" to one of the richest estates in Britain "without so much as a murmur in defence of the national interest."

Last year the Grosvenor Estate applied to Westminster Council to develop the building as an exhibition centre, with an office block in Crown Crescent. This application was sent back.

However, approval was later given in principle to a plan to restore the 100,000 sq ft building, to be occupied by the Location of Industry Bureau, at a cost of £8m. The office-building proposal was scaled down from 200,000 sq ft to 135,000 sq ft.

The plans have been submitted to the Greater London Council for historic building consent and for office development consent.

Three decisions facing the Government on telecom development

John Elliott and **Guy de Jonquieres** report on issues bound up with privatisation plans

THE GOVERNMENT will be faced during the next few weeks with three decisions which could have a far-reaching impact on UK telecommunications development in the next few years.

First, ministers are to decide whether to prepare plans for selling off shares in British Telecom to the private sector. Eventually this could raise perhaps £2bn for the Exchequer.

Secondly, Mr Patrick Jenkin, Industry Secretary, is to be asked to intervene in a dispute which has blocked the start of a new independent telecommunications system, code-named Mercury. This project would compete directly with British Telecom.

Thirdly, negotiations are likely to be finalised soon between the department and BT on terms for issuing a "Buzby" Bond which would be used to raise perhaps £150m to £200m capital investment funds from the private sector.

All three decisions are intricately bound up with the Government's wish to privatise as much of the public sector as possible. Ministers are motivated partly by a political dislike of state ownership. They also want to improve efficiency and competitiveness by injecting private sector pressures into nationalised industries, and raise funds for the Exchequer while curbing public spending.

The idea of selling off part of British Telecom, in addition to liberalising its operations, has been considered informally since well before Mr Jenkin succeeded Sir Keith Joseph as Industry Secretary. Now Mr Jenkin is reviewing the possibility as part of an appraisal of all his department's policies which he initiated just before Christmas.

Within the next few weeks, after Mr Kenneth Baker, Industry Minister with responsibility for information technology, has returned from a foreign trip, Mr Jenkin will decide whether to seek Cabinet backing.

It seems likely that he will seek and gain this approval. A sale would attract immediate political support throughout the Conservative Party and please the Treasury because of the funds it would raise.

It would be modelled on last year's disposal of about half the Government's holdings in British Aerospace and Cable and Wireless. But it would be far more complex because of BT's monopoly position in many areas which will continue for at least three years, in spite of liberalisation moves. It would need detailed legislation which would be fought hard in Parliament by the Labour Opposition.

With a general election due by May 1984, Parliamentary time is running short for such a big and controversial measure. There are also other prior state industry candidates, including part of the British National Oil Corporation and British Gas. Another complication is that there would be few buyers for shares in the final year before an election if Labour was threatening to renationalise with little, if any, compensation.

For all these reasons, it is unlikely that British Telecom could be put on the market before the election unless Ministers decide to give it top priority and horrify their civil servants by ordering a Bill by this summer.

Preparatory work, however, could go ahead as soon as Cabinet backing was obtained so the measure was ready for the Conservative election manifesto.

Allied subjects like the creation of a regulatory body, along the lines of the U.S. Federal Communications Commission, to oversee the monopoly have already been considered by the Industry Department. This ties in with ideas for overseeing the liberalisation programme which have run into opposition from Ministers who dislike creating quangos. Consultations have also started with interested parties about an allied issue—modernising long-standing Telegraph Acts.

Pressure for Mr Jenkin to intervene in the Mercury project also stems from a fear among companies involved—Cable and Wireless, BP and Barclays Bank—about the timing of a general election.

They believe that if the project is not operating by the election, it could easily be cancelled by a Government inclined to restore British Telecom's monopoly.

They say that this means official approval is required within the next few weeks. It would probably take about two years to build the £50m project, which would consist of a 700-mile fibre optics loop laid alongside British Rail tracks.

The companies had hoped that the Industry Department would issue a licence for the project soon after the Government's programme to liberalise the telecommunications industry came into effect last October.

But they have been unable to reach a satisfactory arrangement with British Telecom. The main stumbling block is over their request that Mercury be allowed its own international "gateway" and the right to interconnect with British Telecom's own domestic network.

Mercury's backers are concerned that if the project is delayed much longer, British Telecom will have cornered a large part of the market for advanced business comunications services which they are hoping to exploit.

British Telecom has recently moved aggresively to accelerate its network modernisation programme and has announced plans for several premium services. These include a satellite communications service, due to start in 1984, which will be linked with Satellite Business Systems in the U.S.

The negotiations on British Telecom's bond have reached a final stage after more than a year of political infighting involving Whitehall and the industry.

The Treasury now apparently accepts that all its worries have been sorted out apart from the freedom that British Telecom would have to raise its prices—an issue that will affect City institutions' willingness to invest.

A prospectus for the bond would say that British Telecom had discretion to raise tariffs by the "amount of the retail price index minus x." The size of "x" is now being negotiated between the Industry Department, which wants it to be 5 per cent, and British Telecom which would rather it was nil but is believed to be negotiating from 1 per cent.

A compromise around 2 per cent is possible, with the Government recouping some of its lost ground by continuing to issue existing performance aims which say that British Telecom should reduce its real unit costs by 5 per cent a year.

If no last-minute snags emerge, agreement should be reached in the near future. A prospectus would then be prepared for raising £150m to £200m in either one or two tranches, starting late this year.

Some of this money would be allowed in addition to British Telecom's £340m external financing limit for 1982-83 and would, the Government hopes, invigorate the corporation by exposing at least part of its finances to private sector rigours.

Rubik Cube wrangle resumes in High Court

By Our Consumer Affairs Correspondent

A LEGAL wrangle over distribution rights to the Rubik Cube, Britain's most popular toy, resumes in the High Court in London on Monday.

Last year the Ideal Toy Company got an injunction preventing Dallas Print Transfers from selling a toy similar to Ideal's Rubik Cube.

Dallas Print Transfers says the principle on which the toy is based was established in the 1950s and Ideal Toys has no special copyright on the revolving cube developed in Hungary a few years ago.

Ideal, however, says the design is based on that developed by the Hungarian State toy company and is protected by copyright.

Dallas Print Transfers alleges the injunction has cost it £1m in potential sales.

Health authority cash limits to be raised

THE GOVERNMENT is to raise cash limits for regional health authorities next year, Mr Norman Fowler, Social Services Secretary, announced yesterday.

Revenue expenditure of £8bn would be made available to the authorities—an increase of 1.7 per cent over this year—Mr Fowler said in a written Commons reply. Capital expenditure of £600m will also be made available.

Annual reviews by the Health Department are to be introduced to keep a closer check on health authority spending, Mr Fowler said later.

Revival of Britain's spa resorts planned

A MAJOR revival of Britain's nine spa resorts is being planned by the British Tourist Authority.

The authority, which aims to promote the spas as all-year resorts, has produced a brochure in four languages describing the delights of spas at Buxton, Cheltenham, Droitwich, Tunbridge Wells, Harrogate, Leamington, Llandrindod Wells, Malvern, and Woodhall Spa in Lincolnshire.

Transatlantic pact on legal database

WESTLAW, the U.S. legal research service of West Publishing, Minnesota, and EUROLEX, the UK-based system of the International Thomson Organisation, have agreed to make available to their respective subscribers the other's full-text legal database.

For subscribers to both services this will mean having access to the most comprehensive range of computerised legal materials ever to be available.

Ban on shooting wildfowl lifted

THE BAN on shooting wildfowl, imposed before Christmas because of the increased danger to wildlife from the harsh winter, was lifted at midnight yesterday because of the improvement in the weather.

The announcement was made yesterday by Environment Secretary, Mr Michael Heseltine, in a written reply to a Commons question from Mr John Farr (Con, Harborough), chairman of the British Shooting Sports Council.

Co-op plans £1m store for Wisbech

PETERBOROUGH Co-operative Society has submitted plans for a £1m super store on four acres of land at Wisbech, Cambridgeshire. The development would create 75 new jobs, most of them for school-leavers and unemployed young people, said the society.

Royal Bank in talks on Invergordon

THE Royal Bank of Scotland is involved in talks on proposals to reopen the Invergordon smelter in the Scottish Highlands, closed by British Aluminium 23 days ago.

Officials of the bank confirmed there had been contacts with the Highlands and Islands Development Board, the government industrial promotion agency which is leading the search for a buyer for the smelter.

It is thought the bank might lend to a holding company formed as an interim measure to buy the plant until a long-term purchaser is found.

Antiquarian book companies link up

PICKERING & CHATTO, the London antiquarian bookseller chaired by Sir William Rees-Mogg, former editor of The Times, is to combine its business with Dawson of Pall Mall.

Pickering and Chatto will move into Dawson's premises, an antiquarian bookshop specialising in science, medicine, economics and travel, at the end of March. The combined business will trade under the Pickering and Chatto name.

LABOUR NEWS

THE WEEK IN THE MARKETS

Bathgate plant hit as 3,600 join Leyland Vehicles strike

BY IVO DAWNAY, LABOUR STAFF

THE STRIKE at Leyland Vehicles, BL's truck and bus subsidiary, spread yesterday when 3,600 workers at the company's Bathgate plant near Glasgow obeyed a union call to stop work.

The stoppage follows a strike by 8,500 manual and clerical workers at the Leyland and Chorley plants in Lancashire. They walked out on Thursday in protest against the company's reorganisation plan, which includes loss of 4,100 jobs.

It remains unclear whether normal working will continue at the Albion bus and truck axle plant in Glasgow, where shop stewards representing the 1,800 workers meet on Monday.

The company claims that Albion is unlikely to be affected. But Mr Jim Maclean, senior convenor at the plant, said yesterday that he believed the workers would back their colleagues with strike action.

Normal working is expected to continue at Guy Motors, Leyland Vehicles' heavy truck assembly plant in Wolverhampton, after a vote by the 740 workers last month to accept closure.

The Leyland Vehicles strike stems from an announcement by the company last November that further rationalisation and job cuts were needed to keep it viable.

Leyland's truck and bus manufacturing operations lost £47m in the first half of 1981 despite 10,000 redundancies since 1979.

Under the new plan, Leyland intends to axe 140 jobs at *Albion* and 1,355 at the *Lancashire* plants, with the heaviest blow of 1,365 redundancies at Bathgate, where tractor productions due to halt shortly.

The unions' decision to resist the plan was endorsed by workers at a series of shopfloor meetings. However, tractor workers at Bathgate last week opposed a mass meeting which voted to occupy their plant.

Earlier this week management warned the Lancashire workers that there was "no alternative" to reorganisation.

In a letter to every worker the company said that industrial action could lead to introduction of a more "radical" plan, "and at worst make the collapse of the company inevitable."

Union leaders urged to retain links with NEDC

BY JOHN LLOYD, LABOUR CORRESPONDENT

PRESSURE is mounting on union leaders to retain their links through the National Economic Development Council with companies and the Government—despite a move by the biggest union, the Transport and General Workers, to commit the TUC to withdraw from the Council.

A TGWU document arguing for withdrawal will be discussed by the TUC general council on Wednesday.

But several major unions are expected to oppose the proposal on the grounds that the council's industry economic development committees and sector working parties are of growing value.

These Union officials believe that the industry representatives on the working parties are taking an increasingly anti-Government line on certain issues.

They also see the NEDC as a valuable source of information for unions with relatively sophisticated research departments.

Officials of chemical industry unions, meeting at the TUC this week, agreed to continue participation in the chemicals economic development committee but to review the sector working parties at a special conference next month.

national chemicals officer for Mr David Warburton, the Transport and General Workers Union, said yesterday that the special conference would review the unions' involvement but would be likely to continue membership.

Mr Roger Lyons, the national energy officer of the Association of Scientific Technical and Managerial Staffs, said that chemical employers and unions had united in an attack on Mr Patrick Jenkin, the Industry Secretary, at the chemicals development committee in December.

Mr Tim Webb, the ASTMS national officer for the electronics industry, said yesterday: "Two years ago I was in favour of leaving the NEDC because of the anti-union speeches being made by members of the Government. But we decided to stay in and we should continue that decision. The politics haven't changed."

Mr Webb, who is chairman of a NEDC sub committee on manpower planning in the electronics industry, is also a member of the high level IT 82 committee on information technology.

One proposal which may be mooted on Wednesday is for the TUC to refuse to participate in the monthly NEDC meetings, but to retain union involvement in the economic development committees and sector working parties.

Nalgo to seek substantial increase for lower-paid

BY BRIAN GROOM, LABOUR STAFF

UNION LEADERS of local authority white-collar workers are preparing demands which may lead to industrial action in defence of jobs or in an effort to match the likely 6.3 per cent to 7.3 per cent pay deal of manual workers.

The National and Local Government Officers Association said yesterday it would seek rises to maintain living standards for its 500,000 white-collar *members* in local government, and a "substantial increase" in salaries of the lowest-paid.

On Friday Nalgo delegates are to vote at a national conference on a recommendation that "strong industrial action must be concentrated in authorities which declare compulsory redundancies."

The union's claim is based on a TUC's local government committee recommendation for a common core to all claims. The claim also seeks a 35-hour working-week. At present the working-week is 36 hours in London and 37 hours elsewhere.

Nalgo, the largest local government white-collar union, will put its claim to other unions on Wednesday. If agreed it will be submitted to employers on the same day.

The settlement date is July 1.

Mr Keith Sonnet, Nalgo's recently-appointed national officer for local government, said many members felt the local government policies of Mr Michael Heseltine, Environment Secretary, meant there was no guarantee of job security. There was therefore nothing to lose in fighting for a satisfactory pay rise.

It will be difficult to match the £4.60 flat-rate offer made to the manual workers, achieved on the casting-vote of the employers' Labour chairman.

The third manual workers' union, the National Union of Public Employees, said yesterday its members had fallen in line with the other two unions. It had accepted the offer although by only 188,994 votes to 167,317.

Mr Ron Keating, Nupe assistant general secretary, said the closeness of the vote indicated the unions should pursue a vigorous pay campaign in other public-service negotiations, as well as in next year's talks for local government manual workers.

● The Royal College of Nursing's pay campaign culminates today with a rally in Trafalgar Square.

Acas called in over Dunlop factory dispute in Wales

BY ROBIN REEVES, WELSH CORRESPONDENT

THE GOVERNMENT conciliation service, Acas, has been called in to try to resolve the conflict over the planned closure — with 600 redundancies—of Dunlop's Semtex floor coverings factory at Brynmawr, South Wales.

About 450 workers who have been occupying the factory since before Christmas this week defied a company ultimatum to quit the site or lose all severance payments.

The Acas intervention follows inconclusive talks between Dunlop management, led by Mr Vin Moore, the group's personnel director, and Mr George Wright, the Transport and General Workers' Union's Welsh secretary.

A meeting is being arranged at the Acas offices in Cardiff on Monday.

The workers occupying the factory were originally seeking withdrawal of 60 redundancies and guarantees of further investment to secure the Brynmawr site's long-term future.

Who's afraid of the bald eagle?

LONDON

ONLOOKER

The Chancellor of the Exchequer should start writing his Budget speech right away. His colleagues and central bankers across Europe have been second guessing the U.S. money supply figures and seem to have concluded that, however freakishly high the last instalment looked, the graph really should be headed downwards.

How else can markets account for the gentle but sustained nudge downwards this week in European interest rates? The Bank of England was in the thick of the persistent cut in short term rates which, by the end of the week, had persuaded the clearing banks to start slicing another half point off base.

In this environment, Government securities had nowhere to go but upwards. The Government Brokers issued an index-linked long tap yesterday, and is thought to have sold well over £½bn of stock over the past week. The rise looks very well supported, too. Buyers have been solidly institutional and the advance has persisted almost every day.

The bloom in gilt-edged is as infectious as ever. Equities *have ended the account with a* flourish, putting on a 35.8 point rise over the fortnight to leave the FT Industrial Securities Index at 567.2. The next account lasts for three weeks and should start at a canter.

Industry's borrowing costs are falling, profits from many major industrial companies are rising again and Britain's wage inflation, relative to its competitors, is easing. It all adds up to *a pleasingly benign budget*. Yet the City, like Whitehall, knows that much can change between now and March 9.

Tate recovers

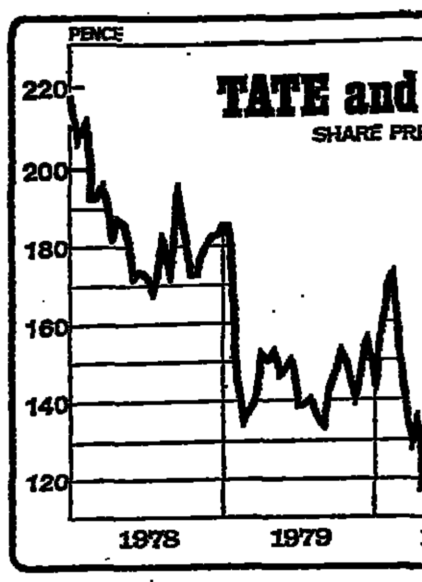
After more than three years of contraction and heavy closure costs, Tate & Lyle believes it has found firm ground. The dividend has been raised in part restoration of the cut in 1979 and pre-tax profits for the year to end-September have been lifted from £30.7m to £36.3m.

The plus points were cane sugar production and refining where profits before tax and interest climbed by over £7m to £24.5m. The 'Mr Cube' group believes that it can now compete successfully at present demand levels having achieved a reasonable balance between demand and supply. That balance *has only been won* after a substantial shutdown on Merseyside but T & L has finally attained what it sees as a healthier business mix.

The agribusiness has trimmed the best part of £1m off its earlier £7.6m trading loss and the deficit on cereal sweeteners and starches was halved to about £600,000.

And yet, T & L remains a substantial commodity trader and the going got markedly rougher last year. Profits from the vertically integrated molasses operation slipped by over £4m to £10.6m and profits from sugar trading were sharply down at £9.6m against £16.8m. In turnover terms, at least, commodity trading retains its disproportionate effect on the whole group, rising from £486.3m to £1.15bn from a total of £2.19bn, and customer defaults have cost T & L dear.

The profit improvement and stringent work on the balance sheet leave Tate & Lyle only 33 per cent geared. Another year of consolidation is on the cards but the new management may be given its head in the not-too-distant future because a series of "deliberate and well-considered moves" is now said to be under consideration. The City will be waiting, with not a *little interest, to see what the* sugar group does next.



THF setback

Trust House Forte launched one of the first big, post-summer rights issues when it raised £87m last September. But the effect on its balance sheet has had little effect on the results it ruled off at the end of October.

The rights issue document promised a maintained trading surplus and the big hotels group has made just that. Operating profits come out at £105m against £101m. The size of the depreciation charge and the interest bill to be deducted from the trading surplus, however, were never outlined and the City was left to guess what a high level of capital spending and heavy gearing would mean for pre-tax profits. Best estimates suggested that THF would make about £53m.

As it is, THF is down 21 per cent at the pre-tax level at £52.3m while depreciation is almost £7m higher at £25.8m and the interest charge has soared over £10m to £26.8m.

The rights issue proceeds are now in the bank and the group had net cash of £35m at the year end. Loan capital amounted to £203m and shareholders' funds stood at £544m.

That looks fairly comfortable but THF retains its expansionary ambitions. The executive chairman, soon to be ennobled, Sir Charles Forte, has been giving little away when questioned about Savoy Hotels. THF's £67m bid failed last summer, despite the support provided during the offer by the Kuwait Investment Office, but Sir Charles can still count on 39 per cent of the equity. Servicing the debt undertaken to buy all those shares has cost THF £2m and will probably *account for £5m of the group's* operating surplus this year.

At least the trading position has brightened a little since the financial year end. Occupancy rates in THF's 184 provincial hotels dropped eight points to 61 per cent last time but Sir Charles has seen some improvement in November and December.

And January, too, looks better. The sight of bedraggled knots of the City's customary commuters, suitcases at their feet, hailing cabs to Central London's hotel areas in the last couple of weeks must have widened the smile on the face of the hotels group. Whatever bankers, brokers and insurance people get up to when left alone in the Capital midweek, there is a good chance that many of *will be staying at THF's London* hotels. There is always a silver lining . . .

MFI's white-out

Arthur Southon, chairman of MFI, doesn't have cosy dreams of a white Christmas—nightmares, perhaps. This week he was able to report an impressive set of figures for the half-year to the end of November. But in the same breath he sounded warnings for the second half.

Market hopes that MFI might make around £14½m pre-tax this year have disappeared under a blanket of snow. The knock-down furniture group may now have *to struggle* to make last year's second half profit of £8.5m—a very different story from the first half when profits bounced up 43 per cent to £7.12m.

The interim profits rise is all the more impressive for being achieved from sales nearly 6 per cent lower than the same period last year. MFI has taken the hatchet to overhead costs and net margins are almost three points up at 8.4 per cent. Energy bills have been cut by a third and the payroll has been slashed by the equivalent of a quarter of full-time employees. Moreover with some of the competition struggling in a sluggish market MFI has been able to give its gross margins a little extra fat. Also the absence of exceptional items relating to the Status Discount acquisition was worth around £750,000 to profits.

But then it snowed. Mr Southon estimates that the blizzards have sliced £5m to £6m off sales. The January "sale" period is being extended by a further three weeks in the hope that lost ground may be recouped. Yet MFI will do very well if it can pull that much extra custom through the door.

The weather aside MFI's stores are getting too large for the product range—one of Status' main weaknesses—and space is being surrendered to concessionnaires like Harris Queensway and Brentford Nylons. Ultimately these could crop up in a large number of stores.

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1981-82 High	1981-82 Low	
F.T. Govt. Secs. Index	64.15	+1.78	70.61	60.17	Broad demand/Int. rate cuts
F.T. Ind. Ord. Index	567.2	+35.6	597.3	446.0	Persistent buying/thin market
Anglo American Gold	£22½	−2¼	£51½	£33¾	Heavy Continental selling
Associated Comms. A	78	+11	78	39	Counter-bid from Heron Corp.
Barratt Devs.	237	+18	237	104	Lower interest rates
British & Commonwealth	362	+32	362	262	Revival in shippings
Cadbury Schweppes	95	+9	100½	66¾	O'seas earnings considerations
Grand Metropolitan	196	+18	222	138	Rationalisation proposals
ICL	41	+9	61	16	Persistent support
Kwik-Fit	59	+10	112	47	Recovery hopes
Land Securities	309	+22	352	252	Lower interest rates
Leeds & District Dyers	82	+12	82	43	Gas-drilling venture
London & Provincial Tst.	169	+30	169	124	Inv. Intelligence acquires stake
Mercantile House	440	+38	525	280	Ahead of int. due Monday
Newmark (Louis)	210	−100	375	210	Poor interim statement
Pritchard Services	194	+16	197	111½	Wandsworth cleaning contract
Reed Int.	274	+22	286	180	¾ figs. due Feb. 2
Trafalgar House	108	+11	108	75	Express de-merger approved
Ultramar	435	−22	537	380	Broker's circular
Vickers	173	+23	216	129	Strong demand

Coke and burgers

NEW YORK

PAUL BETTS

COCA COLA went Hollywood *this* week, but Wall Street went Washington. The market did not like Coke's $760m friendly cash and stock deal for Columbia Pictures, but it liked even less the increasingly political economic rumblings *shaking Washington*.

For most people in Wall Street, Coke's bid for the Hollywood studio was extravagant and not surprisingly Coke's stock, an old favourite in solid portfolios, lost ground. But the goings-on in Washington were even more extravagant.

The President went on national television for a performance which would hardly win *him* an Oscar on Wall Street, or even a nomination. Without actually saying so, he suggested he was unhappy with the Federal Reserve and its performance in controlling the money supply.

Coming soon after a *rising* chorus of disgruntled Republicans calling for the resignation of Mr Paul Volcker, the FED chairman, President Reagan gave the strong impression he would not half mind a change of leadership at the central bank.

At least that is what Wall Street thought. By Thursday, rumours were flying around the trading floor that Volcker was about to resign. The mood of the market became more and more political in anticipation of President Reagan's State of the Union address next week.

The president has gone to Camp David in hiding to put the final touches on *his* speech. And Wall Street was betting whether he would after all increase some taxes or postpone the increases which for many republicans are as unsavoury as an old overcooked hamburger.

The speech will unveil Phase Two of the great Reagan recovery programme. And Wall Street is hoping the President will cheer the markets which *have been battling with* economic and financial uncertainty.

More than anything else, the recent increases in the narrow weekly money supply measure, now renamed M1, have both alarmed and confused the market place. They appear to have also confused the Fed.

The encouraging news on consumer price inflation which rose at a very acceptable 8.9 per cent rate last year has had little impact on the market.

The market's main preoccupation is with the extraordinary bulge in the money supply and how the Fed will handle this problem. The fears are that the Fed will tighten—and some suggest it already has, although others say it is adopting a wait-and-see attitude because there are many technical reasons why the money bulge may be a freak.

Short term interest rates did firm in the market this week primarily because of these very fears. The broker loan rate went up by half a percentage point to 14.5 per cent and the market is speculating that a prime rate increase is in the offing.

However, the commercial banks, with their spreads under pressure, appear reluctant to take what would inevitably become a politically charged move. There is also talk in the market of an increase in the Fed's discount rate in the weeks to come.

The republicans are doing little to help the market and the Fed for that matter. Congressman Jack Kemp, the supply side tax slasher, has been saying the Fed's stingy policies are largely to blame for the country's recession. President Reagan last week suggested the Fed had not been tight enough.

Wall Street also wants to hear what President Reagan will have to say about his Budget in next Tuesday's State of the Union address. The market will be looking for the strongest possible measures to correct the huge budget imbalance—including some stiff tax increases which the president appears to be shying away from.

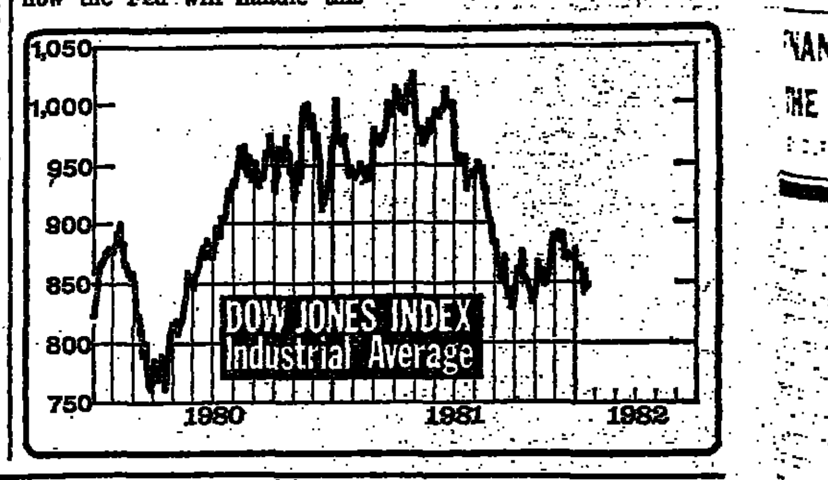
The big New York banks all turned out good fourth quarter figures and respectable year-on-year increases.

The large computer companies had a difficult year and are facing another difficult year. But the smaller computer companies did remarkably well in the latest quarter.

The car companies, for their part, have held up extremely well considering the state of gloom in Detroit and forecasts of continuing slow car sales in coming months. General Motors, trading at the $38 to $39 level, and Ford, which omitted paying a quarterly dividend for the first time in its history trading at just over $17, are roughly where they were at the *beginning of the year*.

The market has been excited by the prospect of a new labour contract settlement between the car companies and the United Auto Workers Union. And although a number of hitches got in the way of an early settlement this week, Wall Street, believes an agreement will be reached soon to boost the falling fortunes of the two big car makers.

MONDAY	855.12	+7.52
TUESDAY	847.41	−7.71
WEDNESDAY	845.89	−1.52
THURSDAY	848.27	+2.38



GOLD MINE NET PROFITS

	December quarter R000s	September quarter R000s	June quarter R000s	March quarter R000s
Blyvooruitzicht	17,453	17,042	17,606	17,457
Bracken	2,395	2,964	2,359	1,871
Buffelsfontein	27,304	26,385	30,071	23,944
Deelkraal	4,281	4,086	3,690	3,694
Doornfontein	16,520	11,620	18,103	14,469
Driefontein	90,217	86,244	92,091	—
Durban Deep	8,446	7,950	4,716	4,137
East Daggafontein	183	*24	145	60
Ergo	12,627	16,223	20,390	19,406
East Rand Pty.	†8,807	†6,780	10,004	8,509
East Transvaal	2,255	1,917	2,423	1,961
Elandsrand	2,065	2,684	4,329	683
FS Geduld	36,932	41,176	37,559	37,662
Grootvlei	6,943	4,792	5,027	4,304
Harmony	24,902	23,107	26,489	28,846
Hartebeest	28,057	27,560	29,442	31,181
Kinross	9,209	10,000	8,137	7,893
Kloof	35,954	31,199	34,862	34,573
Leslie	1,808	3,123	2,886	2,283
Libanon	13,337	11,115	11,452	11,245
Loraine	†2,526	†2,454	†3,483	†777
Marievale	715	500	537	413
President Brand	27,070	37,259	35,475	33,384
President Steyn	30,041	27,907	28,052	25,895
Randfontein	50,857	31,997	36,339	28,731
St Helena	¶35,645	¶31,848	16,158	14,625
South African Land	1,990	1,884	1,198	988
Stilfontein	15,084	11,231	11,625	10,202
Unisel	11,981	14,617	13,475	11,654
Vaal Reefs	93,696	75,986	89,986	63,655
Venterspost	3,613	2,449	4,022	3,634
Village Main	225	348	486	311
Vlakfontein	493	275	426	552
West Rand Consold.	†2,541	†51	†938	†440
Western Areas	13,037	13,713	14,007	14,514
Western Deep	61,416	59,515	54,373	43,613
Western Holdings	‡37,625	‡102,524	25,393	28,982
Winkelhaak	13,444	13,907	13,142	13,314

* Loss. † After receipt of State aid. ‡ Includes Welkom, FS Saaiplaas and Erfdeel operations. ¶ Includes Beisa.

GOLD MINE DIVIDENDS

	Dec 1981	June 1981	Dec 1980	June 1980		Dec 1981	June 1981	Dec 1980	June 1980
Blyvoor	*100	100	*160	185	Marievle	28	*25	65	*55
Buffels	*260	400	*310	430	Randft.	400	*350	650	*450
Deelkr'l	nil	*nil	5	nil	†St. Helena	145	—	—	—
D'nfont.	*80	200	*135	100	SA Land	25	*15	20	*35
Driefont.	100	—	—	—	S'thvaal		*160	260	*170
DurbanD	100	*85	300	*160	Stilfont.	180	*130	300	*160
E. Dagga	nil	*nil	15	*nil	Vaal Rfs.	530	*450	700	*620
ER Prop.	nil	*50	195	*175	Venters.	*135	135	*100	135
Elsburg	13	*13	52	*26	Vlakfont	15	19	*40	nil
Gr'tvlei	78	*69	112	*92	W. Areas	20	*20	80	*40
Hartebst.	*375	525	*500	725	W. Deep	205	*200	400	*400
Kloof	*120	240	*160	240	W. R. Cns.	10	*5	10	*7.5
Libanon	*80	200	*130	150	Zandpan	*63	89	*84	123

† Previous dividends declared March/Sept
* Denotes interim

Metal markets in the doldrums

MINING

KENNETH MARSTON

WHAT price gold shares? Or, for that matter, what price gold? Good questions, both, and the uncertain markets have failed to come up with any answer this week. All that can be said is that the shares still *pay for their keep and that on* supply-demand considerations alone the metal price should embark on a gradual recovery later this year.

As far as investment is concerned, we seem to be in a wait-and-see area. But, at least, the higher profits reported this week by the South African gold mines for the December quarter of last year have made a satisfactory showing.

For one thing, they have been based on an average metal price of around $425 per troy ounce—well above the present level of under $380—and this is about the same as the average received in the September quarter. But because of the weakness of the South African rand against the dollar, the price received by the mines in rands has shown a modest increase.

Other factors come into the picture, of course. For example, there has been a continued rise in costs, albeit modest on the latest occasion, and some falling off in production partly on account of a shorter number of days worked and also because of lower ore grades milled in some cases. But the majority of the mines have achieved some increase in net profits during the quarter.

The average gold price for 1981 as a whole has fallen to about $457 per ounce, a far cry from the 1980 boom when it averaged $614. Still, the 1981 average was the second best on record and well above the $307 recorded for 1979 and $193 for 1978.

Inevitably, dividends have had *to be reduced. It is worth bear*ing in mind that South African mines, at least, do not tuck money away to reserves except to meet planned capital spending. They tend to pay out in dividends all the profits available so that when a poor year follows a good one dividends can fall sharply.

Even so, some better than expected final dividends have been *declared this* week. *Notable* among them has been the final of 530 cents (291p) declared by Vaal Reefs which makes a 1981 total of 980 cents against 1,320 cents for 1980.

This puts the shares of this top class gold and uranium producer on a yield basis of 18 per cent. The return makes a fair allowance for any further likely reduction in the dividend for 1982.

Meanwhile the current weakness of the gold price suggests that Vaal Reefs, which benefited from an exceptional sale of uranium in the December quarter, may be in for a sharp fall in profits in the current quarter along with the rest of the gold mines.

On the base metal front, the South African antimony-producing Consolidated Murchison has further improved its earnings in the December quarter. They bring the 1981 total to R4.61m (£2.62m) compared with R1.48m for 1980, a year in which the market for antimony collapsed and brought losses to the company during the second half.

To put it mildly, the antimony market is volatile and forecasting its course is near impossible. Forecasting in copper is not easy, either, but at least there is a general feeling that the present low prices may not last much longer.

They are close to, or even below, the cost of production for many mines. Stocks of the metal are also low and so it is generally reckoned that when the first signs of an improvement in demand appear they will touch off re-stocking by consumers and buying by speculators. The result could be a very sharp advance in the metal price.

The question, of course, is when the revival will come about because share prices of top quality base metal issues have sunk to low levels. On the well proven view that nobody ever gets in at the very bottom of a market or, for that matter, out at its top, potential investors might begin to acquire small parcels of shares on dull days. It is no time to sell.

These views are underlined by Australia's MIM Holdings and America's Asarco. Both are major producers of base metals and the companies hold shares in each other.

Last year agreement was reached between the two companies whereby Asarco said that that it would reduce its holding in MIM to 44 per cent from 48.9 per cent. In turn, MIM agreed to raise its stake in the U.S. company to 16 per cent from 2 per cent.

Completion of the agreement would effectively reduce Asarco's stake in MIM to about 37 per cent and thus give MIM greater flexibility in Australian joint ventures; foreign investment guidelines Down-Under *require 50 per cent Australian* equity in new ventures.

MIM completed its side of the bargain in September and has now announced that it proposes further to increase the stake in Asarco to 21 per cent, presumably working on the basis that this is the time to buy shares while prices are depressed.

By the same token, however, Asarco is not yet keen to carry out its plan to sell part of its MIM shareholding to Australian investors.

Meanwhile, potential buyers of MIM may be waiting for the latter's results for the second quarter of the company's financial year to next June to be out of the way. They are due at any time now and will inevitably show a further loss following that for the previous quarter which was the first loss for 45 years. But MIM is confident that better times are ahead.

YOUR SAVINGS AND INVESTMENTS—1

Rosemary Burr gives a warning to mortgage hunters

Don't skim your homework

IF YOU go to an insurance broker to talk about a mortgage be prepared for a lengthy discussion on the advantages of an endowment mortgage over a straight repayment mortgage. This is not necessarily the best type of mortgage to choose but is usually recommended by commission hungry brokers.

Brokers get a hefty commission on endowment mortgages. For example the commission on a £50,000 endowment mortgage would be £1,000. If you walk out the door sold on the idea of a repayment mortgage, there is nothing in the kitty for the broker.

The problem has increased since the banks made a concerted attempt to carve a slice of the mortgage market. This is because a large part of bank business is referred from brokers. Most people getting mortgages work a five day week so they get advice on a home loan on Saturday, when both the building societies and insurance brokers are open.

Anyone getting a mortgage would do well to carefully examine the alternative methods of repayment available. A mortgage is probably the most important financial commitment in most people's lives. So do not be rushed into taking up a mortgage, however keen you are to buy a house. A little extra care at the start may save pounds later on.

Basically there are two types of mortgage. The most common is a repayment mortgage. The housebuyer pays a gross sum each year which is calculated to pay off the mortgage by the end of a specified period. This is usually 25 years but may alter in particular cases.

The interest cost is deducted from each payment and the balance used to reduce the amount of the mortgage outstanding. In the early years the amount repaid is small and the vast majority of repayments are used to meet the interest costs. Since interest payments qualify for tax relief at the top rate the net cost in the first year is low and rises each year as the interest amount decreases.

Under the endowment mortgage the housebuyer is actually entering into two parallel transactions. First, he pays interest on a mortgage over the full term of the loan. The interest rate is a ¼ per cent higher than that charged on repayment mortgages. Second, he takes out an endowment policy with a life company to provide him with enough money at the end of the loan period to repay the mortgage.

The effect is equal payments throughout the term of the loan providing interest charges, tax rates and reliefs remain the same. The householder gets full tax relief on the interest payments and life assurance tax relief on the premiums. There is usually a tax-free lump sum left over at the end of the day.

There is no easy answer to the question which is the best method of mortgage repayment. In order to decide which method to choose, you should ask yourself several questions.

Can you afford the extra money involved in getting an endowment mortgage?

If you have already borrowed up to the hilt to get a mortgage, however advantageous an endowment may turn out to be is rather academic if it will leave you financially overstretched in the early years.

First time housebuyers whose sole income is their salary will usually find it difficult to find the additional money for an endowment mortgage.

Given that you can afford the premiums, is this the most efficient use of your money?

If you are now a higher rate taxpayer or can reasonably expect to be so in the future, then the endowment method may suit you. In contrast to the repayment mortgage where most of the tax relief on interest comes in the early years, no such bias exists in the endowment mortgage.

Assuming you reject an endowment mortgage, do you need a cheaper method of insurance protection?

All too often people insure their houses against burning down but have no cover to protect them in the more likely case of the breadwinner dying during the life of the mortgage.

When you come to do your sums, remember the value of today's pound will not be the same as its value in the future. Your own income and family responsibilities are also likely to change as is the tax rate, interest rate and relief system.

Don't be misled by the seemingly scientific tables of mortgage repayments waved at you by brokers and mortgage experts. These are calculated on the basis of the current value of the pound and assume interest rates remain unaltered.

Perhaps the best advice is not to look at your mortgage as an isolated one-off transaction. Try to get independent advice so you can discuss the repayment of your mortgage and the need for life insurance within the general framework of your financial position.

It would be a pity if the recent increase in competition among the banks and building societies for the mortgage market led to people getting a worse deal simply because they *were not ready to do a bit of homework.*

Amber light from the Bank

ONLY DAYS after the poor old Midland Bank launched an extensive advertising campaign offering mortgages for "people in a hurry" the Bank of England has sent a shot across the bows of the clearing bank invaders in the home loan market.

The Bank says it is worried that some of its flock may be *lending money ostensibly for house purchase, but turning a blind eye when it ends up financing yachts.* That is strictly against the rules, says the Bank, and has reminded everyone from the Assemblies of God Property Trust to Barclays that they must ensure that the money is used for house purchase or home improvement, only.

The big banks say they always play by the rules, but they cannot vouch for the behaviour of some of the smaller players in the game. Nevertheless, it is clear that the Bank of England is uneasy about the speed of the banks' invasion of the home loan market and wants to prevent any abuse of the attractive tax relief facilities available to *genuine mortgage holders.*

When the banks first appeared in the market two years ago no one took any notice of them. It was assumed that they would disappear at the slightest hint of a recovery in industrial loan demand and would concentrate on financing £150,000 homes.

However, the banks have moved from being very much outsiders to the centre of building society territory and are believed currently to be making 40 per cent of all new home loans. Barclays, the market leader, is lending at the rate of £70m a month which puts it on a par with one of the big building societies like the Abbey National. As a group the banks are lending some £300m a month to around 15,000 home owners. At this rate they could pick up close to 200,000 new customers a year.

This is still a far cry from the 5m plus building society borrowers but the ease with which the banks have picked up new customers has frightened many of the smaller building societies which are finding it hard to lend money.

In terms of size the average bank mortgage is still about 50 per cent bigger than the average building society mortgage. Midland Bank, which lent £304m in 1981, says the average size of its loans is £22,000 and National Westminster Bank (1981 mortgage volume £280m) says the average size of its loans is £26,500.

All the banks note that the average size is falling steadily as they move into the lower end of the market, and several of the big banks have given their managers discretion to lend amounts of under £10,000. Initially, many banks were not keen to move so low down the ladder because the smaller loans were relatively more costly to administer.

The banks are still less committed to the first time buyer market than the building societies but the gap is narrowing. Barclays says 23 per cent of its loans are to first time buyers, which is less than half the building society average. But Brian Pearse, Barclays' retail banking chief, says the number of first time buyers is increasing.

The banks are relying on various tactics to increase their penetration of the market. Lloyds Bank is actively cultivating the life insurance companies who provide a useful corps of new borrowers. Several banks have linked up with builders to help provide finance for first time buyers and Barclays Bank has been discussing housing schemes for inner city areas with various local authorities which it sees as "a natural extension" of the banks existing business.

As one senior put it recently, "when we moved into this market there was only a 15 per cent overlap with the building societies. Today there is an 85 per cent overlap and the gap is [illegible] decreasing."

William Hall

How to mix a currency cocktail

DAVID MARSH looks for the best time to buy your holiday money

SHIVERING BRITONS turning their thoughts and cheque books towards foreign holidays this summer would do well to pay some attention to the best way of buying currency.

With sterling now looking fairly strong on the exchange markets, travellers might be well advised to buy in advance the foreign exchange needed for the spell in the sun—and earn interest by depositing the proceeds in one of the foreign currency accounts offered by high street banks. The interest is of course subject to income tax.

If the holidaymaker can manage to negotiate a deposit which matures around his departure date—say in six months' time for those planning to depart in July—the move may turn out to be doubly profitable.

If interest rates fall over the next six months—and there is every sign that the U.S. administration in particular would like dollar rates to come down to speed America's recovery from recession—then investors stand to gain by locking in a relatively high rate of interest at the outset. The money earned will be enough at least to cover the bill for Bacardi and Cokes at the swimming pool.

National Westminster Bank, the market leader in retail foreign currency banking in the UK, offers six months deposits in a variety of holiday currencies for minimum amounts of £1,000 equivalent.

Those intending to take only a fraction of that amount abroad should not be dissuaded from taking the plunge. One solution would be to open a joint account by pooling resources with similarly-minded friends or relatives.

At the end of this week, NatWest was offering rates of 13¾ per cent for six months dollar deposits; 15¼ per cent for French francs, 6¾ per cent for Swiss francs, 9 per cent for D-Marks; 14¼ per cent for pesetas, and 19¾ per cent for lira.

The dollar interest rate certainly looks attractive compared with those many investors are receiving from sterling deposits in building societies or seven-day accounts at the banks. But it is clearly a lot lower than the rates of 20 per cent or so available on dollar deposits at times last year during the height of the U.S. credit squeeze.

The lower rates on Swiss francs and Deutsche Marks compensate for lower inflation in Switzerland and Germany, which may lead to their currencies appreciating against sterling over the next few months—another good reason to buy now.

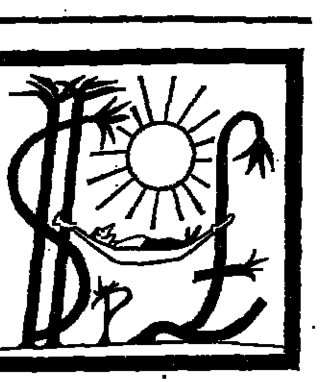
The mouth-wateringly attractive levels of French, Spanish and Italian interest rates are partly a sign that their currencies are generally weak and may be expected to fall over the next six months.

Even so, it might still be worth while to buy the currency now and place the proceeds in a lucrative deposit. It is important to remember that holiday currencies —the lira and peseta especially—are prone to rise during the peak summer months by the sheer weight of tourist buying.

If there is a chance that the July rate will not be so cheap after all, it might be wise to buy ahead and at least be sure of the sterling cost of your spending money.

NatWest offers the most flexible deal for those seeking fixed term deposits. Midland, for instance, will arrange six month deposits in foreign currencies only for amounts of a minimum $10,000 — and even so offers lower rates than NatWest.

Barclays offers slightly higher levels of interest for six months (for example, 14½ per cent for dollars, 15½ per cent for pesetas and 21¾ per cent for lire). But its minimum amount is £10,000 —beyond the spending limit of the average sun-seeker.



Mr Alasdair Watson, from NatWest's international treasurers' department, describes the general growth of retail foreign currency deposits over the last year as "staggering," although it is now tailing off.

However, not many people seem to have been using currency deposits to finance foreign holidays up to now. Mr Watson says that most of the funds placed with NatWest — mainly in the $5,000 region and upwards—have been deposited as investments rather than for use in foreign travel.

But he makes the point that investors, who have had access to the accounts only since the ending of exchange controls in October 1979, are learning all the time about the best way of using them.

Cut-price mortgage offer

WOULD YOU like to save up to one-third of the cost of buying *your house? Before everyone* rushes to FPS (Management) Ltd, the insurance advisers and general finance agency, which is making the offer . . . read on.

For FPS's recent leaflet campaign which holds out the prospect of sizeable savings for those burdened with mortgage *repayments is simply another* method of selling insurance.

Mr Marc Boleat, deputy secretary general of the Building Societies Association, said: "I am far from happy about this sort of practice." He described *the leaflet as "misleading."* Anyone worried about the cost of mortgage should "first contact their building society," he says.

In the leaflet FPS says "it is of vital importance for you to learn about mortgage cost reduction" which it describes as "a genuine opportunity." FPS *claims to be able to save you* £12,015 on a mortgage of £53,720. The dire alternative of not learning about this scheme *is "to waste £12,015 of your* money."

The leaflet provides few clues about how this saving will be achieved. Readers are assured it is "a genuine and straightforward method based on *reducing the total cost of house purchase by up to one-third*—based on specialist computer accounting advice."

In case you are wondering why this wonderful scheme has remained secret for so long, FPS has the answer ". . . only a small number of people in the *country are specialists in this* field and have only introduced favoured clients to its tremendous benefits." As mortgages "are individual and need individual assessment" FPS argues "mass publicity" would be "*pointless.*"

Intrigued, I rang FPS only *to learn from Mr Michael Chadwick,* senior branch manager at Covent Garden, that the saving was achieved by repaying *the mortgage early.* Hardly a novel idea.

"We endeavour to help people repay early" says Chadwick. How is this done? Chadwick explains that by saving monthly through an insurance *scheme a tax free capital sum* sufficient to pay off the mortgage can be accumulated in say ten years. By regularly saving about £42 a month, Chadwick estimates the customer will net £9,000 after ten years.

So the brand *new scheme* boils down to the simple fact *that it is cheaper in money* terms to repay your mortgage early and if you can afford to save a monthly sum, then you will have more money with which to pay off your mortgage. The whole exercise takes no *account of inflation, interest* rates or the change in house prices.

Rosemary Burr

Severing a joint tenancy

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

The following is a copy of notices to sever joint tenancy of property between my two daughters and myself.
"I hereby formally give you notice of my desire to sever the joint tenancy in equity in respect of the property known as . . . so the net proceeds of sale and the net rents and profits until sale shall be held upon the trust which would have been requisite for giving effect to the beneficial interests if there had been an actual severance."
Is it essential to date these notices? If so, is any particular date advantageous?

The notices to sever are suitable. It is not essential, but preferable, to date them. They *should, if dated,* be dated when they are actually sent. No particular time for serving the notices is better than any other. They must of course actually be served on the addressee, *i.e.,* delivered by hand or by post to them.

Tenants right to allotments

I write regarding my sister, who purchased a house 18 months ago. With the house came an allotment at the rear, owned by a local company and rented out to the owners.
This applied to every house on the row. The firm has now sold the land to a man whose solicitors have written to all the residents of the row giving Notice to Quit on May 1, 1982.
The solicitors will not let us know the details of the original agreement between the local company and the tenants of the land, some of whom have tenanted the allotments since first buying their property 40 years ago.
Can we insist that the local company let us see the original agreement regarding to lease of this land?
If no such agreement exists, does the tenant acquire any rights to be on the land given the long span of time?

The allotments are probably "allotment gardens" within the meaning of Section 22(1) of the Allotments Act 1922. If so, the notice to quit appears to be invalid as it needs to be at least 12 months' notice expiring during the period between *September 29 in one year and* April 6 in the next year (i.e. it must not be framed so as to operate in spring or summer). You would be wise to consult a solicitor. You cannot require to see the original tenancy agreement (at least in advance of litigation) but a determined solicitor will probably be able to winkle it out of the lessors' solicitor.

A third party and an intestacy

I have been appointed administrator of the estate of a deceased cousin who died intestate. A third party (genealogist) has unexpectedly called on possible beneficiaries, *obtaining from them signed* agreements that he acts for them, that monies be paid to him and that he extracts 33 per cent (+ 15 per cent VAT) before handing over the residue to them. I do not wish to do things in this way. Must I do so when he produces these signed statements?

You must ensure that the persons in whose names the third party claims to act both exist and are entitled on intestacy. If so your duty is to pay those persons their entitlement; *but you should insist on* their receipts. You are not concerned with any arrangements they may have made to share their inheritance with the third party.

General and water rates

Last year you stated that both General Rates and Water Rates cannot be backdated earlier than the commencement of the rating period in which demand or assessment is first made.
I purchased, and moved into, a new house on January 23 1981, and a Rates Valuation Proposal was sent to me on May 6 1981. I was successful in persuading the District Council that I should not be liable for General Rates for the period January 23 1981 to March 31 1981.
However, the Water Authority have rejected a similar argument, saying that Water Rates are payable from the day on which the supply commences, that is January 23 1981—the day we moved in. *Is your opinion unaltered?*

The position where you have gone into occupation and received a water supply before the rating period to which the (later) first proposal relates is not entirely clear. Water *Authorities take a "common sense"* view of Section 55 and claim that it makes the rate payable from the day of commencement of supply. However, there is an argument against that view since the rate *cannot be "payable" on the* date of commencement of supply if no valuation at all exists to which to apply the poundage. A test case is still to be brought: but caution suggests that it is not worth making a *test case for the amount* involved in a domestic rate such as yours.

Malta residents tax

Since retirement I have taken *up residence in Malta.* I am in receipt of dividends from UK-based company shares from which income tax of 30 per cent is deducted at source. The tax vouchers are sent to the UK Inland Revenue and a half of *my claim is refunded to me,* and part or all of the retained amount is credited to me in Malta against my liability of tax in Malta.
My query is what proportion of the retained amount is *remitted to Malta?*

We take it that, although you are ordinarily resident in Malta, you are not domiciled there; presumably you are domiciled in England and Wales.

Before answering your question, we must correct your statement that 30 per cent income is deducted from your UK dividends at source. In fact, all UK dividends have been paid without deduction of income tax since April 1973. You will find that your UK dividend warrants represent the full amount of each dividend declared, without any deduction whatsoever. The money which you receive from the UK Inland Revenue, therefore, is not a tax refund: it is a payment of tax credit, by virtue of paragraph 6(2) of the Malta-UK double taxation arrangement of March 28, 1962 (as rewritten by the agreement of November 29, 1974).

If you did not claim the UK tax credit (3/7ths of the dividend), you would be exempt from UK tax, in effect, by virtue of section 87(5) (a) of the Finance Act 1972. The price of getting the tax credit is that you become liable to pay 15 per *cent UK tax on your dividends,* as well as having to pay 15 per cent tax on the tax credit itself; both bits of tax are set against the tax credit, so that you actually receive a payment of only half the tax credit, as you say.

For example, suppose you hold 1,000 shares in a UK company which declares a dividend of 7p a share; you thus receive a dividend warrant for £70. You then claim the tax credit pay*ment due under the double* taxation agreement, and you receive an Inland Revenue warrant for £15, calculated as follows:

Tax credit: 3/7ths of £70 dividend =		30.00
less: 15% tax on £30 credit = ...	4.50	
15% tax on £70 dividend =	10.50	15.00
Net tax credit payable to you		£15.00

As you will see, the final result is that, although the £70 dividend was paid without deduction of UK tax (and was therefore remitted to Malta in full), you ultimately bear £10.50 UK tax upon it.

The tax credit payment is quite separate from *the dividend* (although it is calculated by reference to the dividend, of course). It is paid under deduction of 15 per cent tax, and the 15 per cent tax attributable to the dividend is also withheld *(for convenience of administration):* so only half of it is actually remittable to Malta.

No liability to CTT

My father died in 1955 and by his will left all his property to trustees to pay the income *to my mother and after her* death to hold the residuary estate in trust for such of his children living at his death as shall attain the age of 21 *in equal shares.*
My only brother died in 1968 and I am now the only child. Is it not correct that on my mother's death, no CTT is payable Your answer under CGT or CTT (November 28) seems to throw doubt on this.

Your understanding of the *position is correct.* Our reference to liability for Capital Gains Tax and Capital Transfer Tax was directed to the case where the trust is terminated before the life tenant's death.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

YOUR SAVINGS AND INVESTMENTS—2

It's war in Never-Never Land

CREDIT

ROSEMARY BURR

GETTING A LOAN used to be a furtive and embarrassing experience involving a soul-searching interview with your bank manager. Now an increasing number of stores and credit card companies are vying to provide instant credit and higher loans.

Anyone earning £25,000 a year or more could probably get around £15,000 unsecured credit with few questions asked. With so many organisations carving out a slice of the credit market the risk is growing that individuals will take on higher debts than they can easily service.

Getting credit without a visit to your bank manager is no longer a problem for those who have broken through the initial barrier of a first credit card. What is now emerging is a pyramid of credit. Stores are giving instant loans to individuals they regard as creditworthy and their test of creditworthiness is the ownership of a chequebook, cheque guarantee card and credit card.

At the same time the credit card companies, which are owned by the banks, are continuing to flog their wares aggressively. Some Access holders were last month asked whether they wished to raise their borrowing limit.

Judging from personal experience of colleagues, card holders can easily get their borrowing limit increased. The card companies are keen to increase their business as they get a commission on each sale and the interest rates they charge are considerably higher than those on bank loans.

In addition, since last May when American Express and Lloyds Bank launched their gold card giving holders access to a £6,000 line of credit, the amount of credit card-holders can get automatically rose dramatically. Midland Bank has since followed suit with a gold card which has a £7,500 overdraft facility.

Take Mr Sterling, an executive earning £25,000. Before May he probably had a Barclaycard with a limit of £2,000 and two American Express cards, one for business and one private.

He would be one of the first on American Express's mailing list when it launched the gold card. For a £40 annual fee he could trade in his personal American Express card for a gold card. This would automatically give him access to a minimum of £6,000 credit at 2½ per cent over base rate, lower than average overdraft rates.

Now that Mr Sterling has an account with Lloyds as well as Barclays, he decides to apply for an Access card. This he gets within a few weeks with a credit limit of £1,000. He rings Access and says Barclaycard has given him a higher limit of £2,000. A few days later, Access inform him his limit has gone up to £2,000.

Walking down Fleet Street, Mr Sterling notices Lasky's is offering up to £1,000 instant credit, so he nips in to buy a logic system and new speakers for his stereo. When he books his holiday at Thomas Cook, he gets another £1,000 credit which goes towards his skiing *holiday and the travellers cheques.*

Feeling in a generous mood, he takes a taxi to Harvey Nichols where after showing his cheque book and credit card he gets £240 instant credit, which he uses to buy his wife some perfume and cashmere sweaters.

Back in the office, he rings Lloyds to explain he is planning to buy a boat and needs more than £6,000 to do so. After checking his records, Lloyds agree to lend him £7,500.

The morning post is lying on his desk. His debt to Access is now at £1,700 and his Barclaycard statement shows £800 due. Without visiting his bank manager at Barclays, Mr Sterling has run up debts of £12,240 and is still well within the spending limits set by the credit card companies.

Mr Sterling is of course fictitious but his case highlights the ease with which credit can be obtained. If Mr Sterling had been more careful he would have realised he could have saved a third of the interest charge by getting an overdraft rather than store credit. If his bank manager failed to oblige, then he would have been better off using his credit card as the rates are lower than on the store schemes.

Also before he thought about buying the boat, Mr Sterling had made no use of the overdraft facility available on his gold card. He was, however, not paying his Access bill promptly, so was being charged just over 30 per cent a year on this borrowing. He could have saved money by paying off his Access bill and take advantage of the overdraft facility of his gold card where the current rate is 17.5 per cent.

There are some bargains to be had in the credit jungle but people tend to overlook the obvious, their bank. In most cases the cheapest loan is an overdraft.

Anyone who has the necessary means to qualify for a gold card and thinks they will want a loan would be foolish not to spend the £40 to get one. For even the banks' most favoured customers are unlikely to get overdraft rates as good as those offered to gold card holders.

For those who do not quite make the gold card grade, then astute use of credit cards is advisable. It is best to steer clear of most store credit schemes unless interest free credit is given.

Most important of all, do not borrow more than you can afford to repay taking into consideration the possibility of an emergency. On average people tend to underestimate their outgoings and ignore the possibility of their earnings being interrupted.

ITT quits life . . .

DO AMERICANS get a raw deal from their life insurance, that traditional underpinning of a secure household? ITT Life, a small U.S. life insurance company which is part of the huge ITT conglomerate, thinks current American life insurance is such a bad deal it has decided to stop selling it altogether.

All this week it has been running full-page advertisements in the business Press trumpeting its message. The ads have sent shudders of horror through America's $50bn life insurance industry.

"The bad thing about your whole life policy," the ad says, "is that it yields a *miserably poor return on the money you invest.* In fact, in terms of interest paid on accumulated cash, you'd have to look long and hard to find a worse investment."

ITT LIFE, which ranks about 100 in the size league, is not a major force in the U.S. life insurance business. Its stand highlights the U.S.'s fast-changing perceptions of the value of life insurance—and the alternatives that new companies are offering the American public.

"Whole life" insurance is the traditional American staple: it insures the policyholder's life and at the same time, through regular premiums, builds up a cash value which the insured can draw on later in life. In the U.S. policyholders can also borrow back this money at below-market rates of interest.

But the yield on whole life policies in the U.S. has fallen far behind inflation and current rates of interest—in spite of the various tax advantages. A typical U.S. whole life policy yields 4-6 per cent less than half what a saver gets in a bank savings account, let alone more aggressive investments.

David Lascelles

. . . but the UK saves

BEFORE UK policyholders rush to cash in their life insurance, they ought to be aware that far from being trendsetters, the American insurance companies are following in the footsteps of their English counterparts.

The U.S. life industry is going through a similar period of reappraisal to that experienced here five years ago. The reasons behind the change of heart are slightly different.

The British public has never been as conscious of the need for financial protection against death as their U.S. counterparts. They have always been more concerned with savings type contracts which can be regarded as insurance against survival. Whole life contracts not participating in profits were a much smaller part of a life companies' business.

In the UK the death knell for whole life contracts was sounded in 1976 when the Life Offices Association significantly reduced the brokers commission on whole-life non-profits contracts from as much as 400 per cent to 90 per cent of the first year's premium. Since then sales of whole life non-profit contracts have dwindled to insignificant amounts.

Conventional UK life companies now concentrate on with profit whole life policies, while many linked life companies have been selling a universal type of plan for some years. All UK companies are selling more term assurance as protection contracts. The leading life companies have doubled their sales of term assurance in the past couple of years.

Eric Short

The Association of Investment Trust Companies

THE INVESTMENT TRUST TABLE

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Columns 1–5: as at close of business on Monday 18th January 1982. Columns 6–10: as at 31st December 1981.

Total Assets less current liabilities (1) £ million	Company (2)	Share Price (3) pence	Yield (4) %	Net Asset Value (5) pence	Geographical Spread: UK (6) %	Nth. Amer. (7) %	Japan (8) %	Other (9) %	Gearing Factor (10) base=100	Total Return on N.A.V. over 5 years to 31.12.81 (11) base=100
	VALUATION MONTHLY									
202	Alliance Trust	270	5.6	390	50	37	6	7	97	184
161	British Invest. Trust	181	7.0	252	61	31	6	2	89	166
54	First Scottish American Trust	120	5.4	163	57	29	13	1	101	151
87	Great Northern Invest. Trust	126	7.5	178	63	18	9	10	93	139
107	Investors Capital Trust	106	4.2	152	39	37	17	7	99	169
9	New Darien Oil Trust	77	0.0	93	2	85	–	13	85	†
64	Northern American Trust Co.	128	5.6	179	56	30	13	1	104	184
–	River Plate & General Invest. Trust	116	6.5	–	†	†	†	†	†	†
14	xSave & Prosper Linked Invest. Trust	90	–	182	100	–	–	–	166	203
173	Scottish Invest. Trust	127	5.2	185	40	37	9	14	98	182
74	Scottish Northern Invest. Trust	90	5.5	131	60	35	2	3	105	218
140	Scottish United Investors	51	4.3	73	32	41	10	17	103	177
67	Second Alliance Trust	230	5.7	338	49	37	7	7	99	185
4	Shires Invest. Co.	121	13.9	144	100	–	–	–	89	187
106	*United States Debenture Corporation*	106	7.5	152	69	31	–	–	100	169
	Baillie Gifford & Co.									
163	Scottish Mortgage & Trust	154	4.9	215	39	36	14	11	104	178
81	Monks Invest. Trust	73	4.7	99	36	38	14	12	105	184
19	Winterbottom Energy Trust	62	1.5	73	7	87	–	6	102	166
4	Mid Wynd International Invest. Trust	58	4.2	71	29	33	26□	12	81	†
	Baring Bros. & Co. Ltd.									
53	Outwich Invest. Trust	63	5.0s	90	60	16	11	13	109	201
35	Tribune Invest. Trust	96	4.0	137	40	32	14	14	100	173
	Drayton Montagu Portfolio Management									
9	British Indust. & Gen. Invest. Trust	144	5.0	180	46	13	20	21	96	164
4	City & Foreign Invest. Co.	78	0.0	91	2	98	–	–	94	128
11	Colonial Securities Trust	69	6.3	71	83	8	3	6	104	161
61	Drayton Commercial Invest. Co.	147	6.6	222	52	18	10	20	93	165
85	Drayton Consolidated Trust	163	6.9	243	55	16	15	14	94	155
14	Drayton Far Eastern Trust	79	2.2	85	6	1	36	57	89	197
97	Drayton Premier Invest. Trust	205	7.1	307	58	16	13	13	91	151
17	English and International Trust	111	7.1	158	55	21	11	13	96	173
7	Montagu Boston Invest. Trust	58	2.6	69	1	99	–	–	84	110
17	xCity and Commercial Invest. Trust	230	–	325	94	4	2	–	144	267
16	xDualvest Ltd.	408	–	553	78	7	2	13	126	246
14	xFundinvest Ltd.	112	–	164	91	5	2	2	125	220
42	xTriplevest Ltd.	317	–	482	74	12	1	13	131	240
	East of Scotland Invest. Managers Ltd.									
60	Aberdeen Trust	127	6.9	178	75	22	1	2	101	197
	Edinburgh Fund Managers Ltd.									
78	American Trust	59	*5.1	85	44	55	–	1	100	199
23	Crescent Japan Invest. Trust	353	0.4	344	–	–	100	–	100	198
18	General Scottish Trust	58	7.6	80	59	25	8	8	100	214
4	New Australia Invest. Trust	102	2.0	86	–	–	–	100	105	†
12	New Tokyo Invest. Trust	122	0.0	123	–	–	100	–	98	†
11	Wemyss Invest. Co.	370	7.7	469	56	29□	–	15	81	171
	Electra House Group									
125	Electra Invest. Trust	55	7.8	70	61	30	–	9	102	225
365	Globe Invest. Trust	136	7.9	188	62	23	4	11	104	226
43	Temple Bar Invest. Trust	114	9.6	145	92	6	–	2	96	197
	F & C Group									
32	Alliance Invest. Co.	95	4.1	120	54	21	15	10	99	241
32	Cardinal Invest. Trust	130	4.9	184	58	17	5	20	106	226
5	F & C Eurotrust	54	3.8	63	18	2	–	80	102	115
260	Foreign & Colonial Invest. Trust	63	4.2	86	49	25	17	9	110	199
43	General Investors & Trustees	167	5.4	236	56	15	5	24	108	230
	Fidelity International									
1	*xCystic Fibrosis Research Invest. Trust*	90	–	120	91	4	4	1	160	†
	Robert Fleming Investment Mngt. Ltd.									
37	Capital & National Trust	156	*6.4	237	67	17	5	11	98	198
16	Claverhouse Invest. Trust	123	7.6	164	99	–	–	1	101	279
15	Crossfriars Trust	105	8.8	146	100	–	–	–	97	239
60	Guardian Invest. Trust Co.	103	6.5	155	71	11	10	8	101	199
48	London & Holyrood Trust	140	5.9	216	64	20	4	12	99	191
34	London & Montrose Invest. Trust	95	5.7	141	56	25	6	13	95	186
63	*London & Provincial Trust*	136	5.6	201	56	26	5	13	97	182
132	Mercantile Invest. Trust	55	6.5	83	50	31	7	12	98	225
53	Sterling Trust	204	6.7	304	64	22	8	6	100	173
40	Technology Invest. Trust	156	3.9	204	60	36	10	1	101	198
99	United British Securities Trust	157	6.4	223	51	29	5	15	93	188
30	United States & General Trust Corp.	256	5.9	362	72	16	5	7	98	188
	GT Management Ltd.									
31	Berry Trust	178	1.4	189	36	25	23	16	91	290
1	xChild Health Research Invest. Trust	146	–	152	47□	18	21	14	69	†
9	GT Global Recovery Invest. Trust	76	1.4	34	44□	23	6	27	78	†
23	GT Japan Invest. Trust	371	1.7	395	2	–	81	11	89	201
11	Northern Securities Trust	254	2.5	305	48□	26	15	11	88	276
	Gartmore Investment Ltd.									
10	xAltifund Ltd.	174	0.3	228	92	–	4	4	116	288
32	Anglo-Scottish Invest. Trust	62	5.5	91	54	32	4	10	102	207
42	English & Scottish Investors	67	*3.6	90	42	35	12	21	102	238
10	Group Investors	97	4.8	132	51	38	6	5	95	228
7	London & Gartmore Invest. Trust	117	1.8	149	34	25	8	33	115	184
11	London & Lennox Invest. Trust	41	6.6	61	62	27	–	11	100	176
29	London & Lomond Invest. Trust	96	5.7	139	70	26	2	2	109	204
15	London & Strathclyde Trust	72	4.4	91	57	32	–	11	109	198
19	Meldrum Invest. Trust	70	6.6	96	94	2	–	4	100	278
	Gartmore Investment (Scotland) Ltd.									
99	Scottish National Trust	99	4.9	144	57	23	7	13	104	189
25	Glasgow Stockholders Trust	74	4.2	102	36	30	–	14	107	189
	John Govett & Co. Ltd.									
119	Border & Southern Stockholders Trust	81	4.9	116	54	19	15	12	99	193
16	General Stockholders Invest. Trust	168	3.4	216	45	42	6	7	91	185
91	Lake View Invest. Trust	144	3.8	192	47	14	17	22	102	209
87	Stockholders Invest. Trust	138	3.8	188	31	56	7	6	92	196
	Hambro Group									
31	Bishopsgate Trust	85	5.7	125	60	29	6	5	101	218
6	City of Oxford Invest. Trust	97	8.1	135	100	–	–	–	97	283
73	Hambros Invest. Trust	89	4.8	120	52	39	5	4	106	238
7	xRosedimond Invest. Trust	126	–	159	100	–	–	–	†	353
	Henderson Administration Ltd.									
174	Witan Invest. Co.	72	4.1	97	47	27	20	6	102	207
30	Electric & General Invest. Co.	116	3.1	158	49	36	9	6	96	191
9	Greenfriar Invest. Co.	174	1.6	215	37	27	24	12	105	244
5	Lowland Invest. Co.	84	7.4	102	87	6	–	7	95	247
	Philip Hill (Management) Ltd.									
14	General & Commercial Invest. Trust	192	7.0	251	69	26	–	5	95	200
30	General Consolidated Invest. Trust	109	7.7	155	65	28	–	7	94	210
171	Philip Hill Invest. Trust	122	7.2	173	73	23	–	4	96	227
8	Moorgate Invest. Co.	116	7.2	166	88	8	–	4	92	306
44	Nineteen Twenty-Eight Invest. Trust	81	7.8	118	55	40	–	5	92	174
	Industrial & Commercial Fin. Corpn. Ltd.									
14	London Atlantic Invest. Trust	92	7.4	121	75	13	–	12	91	256
9	North British Canadian Invest. Co.	107	6.4	128	95	1	–	4	99	420
	Ivory & Sime Ltd.									
95	Atlantic Assets Trust	58	0.8s	78	54	43	–	3	93	352
124	British Assets Trust	96	6.2	126	34	60	–	6	102	194
60	Edinburgh American Assets Trust	85	1.2	121	19	68	7	6	113	228
42	Independent Invest. Co.	143	0.5	150	31	66	–	3	97	†
7	Japan Assets Trust	25	0.0	23	8□	–	92	–	85	†
40	Viking Resources Trust	83	1.4	98	9	88	–	3	98	319
	Kleinwort Benson Ltd.									
35	British American & General Trust	49	6.9	69	53	32	10	5	98	189
34	*Brunner Invest. Trust*	76	5.6	103	49	32	10	9	100	239
44	Charter Trust & Agency	73	6.5	105	59	27	8	6	101	199
53	English & New York Trust	88	6.6	130	53	33	7	7	98	183
6	Family Invest. Trust	104	5.2	126	98	–	–	2	95	260
5	Jos Holdings	74	6.6	88	73	14	10	3	99	221
6	London Prudential Invest. Trust	104	6.7	139	66	21	8	5	98	225
70	Merchants Trust	92	6.4	135	54	29	11	6	96	195
	Lazard Bros. & Co. Ltd.									
62	Raeburn Invest. Trust	148	6.7	227	56	31	6	7	93	169
51	Romney Trust	125	5.0	167	29	42	18	11	101	178
	Murray Johnstone Ltd.									
65	Murray Caledonian Invest. Trust	72	*8.0	103	56	25	9	10	105	190
94	Murray Clydesdale Invest. Trust	62	*4.0	94	45	34	15	6	105	179
24	Murray Glendevon Invest. Trust	132	*2.9	185	57	26	10	7	113	158
32	Murray Northern Invest. Trust	81	*3.3	112	35	28	17	20	101	185
104	Murray Western Invest. Trust	78	*4.4	119	47	34	13	6	104	181
	Rivermoor Management Services Ltd.									
133	London Trust Co.	70	7.2	106	58	22	–	20	115	264
17	Moorside Trust	68	7.4	85	52	39	1	8	89	225
41	River & Mercantile Trust	127	8.4	169	71	9	8	12	101	240
	J. Rothschild Invest. Management Ltd.									
10	Precious Metals Trust	82	0.0	83	33□	28	–	39	64	†
183	RIT Ltd.	345	5.8	478	59□	12	7□	22□	70	291
	J. Henry Schroder Wagg Group									
30	Ashdown Invest. Trust	183	4.9	267	48	40	9	3	94	190
41	Broadstone Invest. Trust	202	5.0	289	47	42	7	4	96	199
65	*Continental & Industrial Trust*	248	6.6	370	52	44	–	4	99	186
42	Trans-Oceanic Trust	77	4.6	114	38	45	10	7	92	195
	Stewart Fund Managers Ltd.									
98	Scottish American Invest. Co.	136	4.2	175	51	35	5	9	93	247
4	Stewart Enterprise Invest. Co.	32	0.9	36	72□	14	–	14	44	†
	Throgmorton Invest. Management Ltd.									
12	xThrogmorton Secured Growth Trust	122	–	201	100	–	–	–	–	226
62	Throgmorton Trust	110	7.8	141	98	1	–	1	104	332
	Touche Remnant & Co.									
147	Atlas Electric & General Trust	89	5.3	128	63	20	6	11	100	235
43	Bankers' Invest. Trust	74	7.6	108	72	17	6	5	99	203
21	CLRP Invest. Trust	95	5.3	138	59	16	6	19	109	215
41	Cedar Invest. Trust	86	7.5	132	68	12	6	14	99	203
53	*City of London Trust*	76	8.5	108	93	3	–	4	94	230
39	Continental Union Trust	151	5.9	223	61	22	4	13	106	191
250	Industrial & General Trust	73	5.9	108	65	17	7	11	106	217
51	International Invest. Trust	99	6.0	139	73	18	5	4	101	195
71	Sphere Invest. Trust	149	6.0	220	64	22	6	8	108	200
50	Trust Union	76	5.7	106	61	20	8	11	105	211
93	Trustees Corporation	67	6.3	98	72	12	4	12	106	226
	Williams & Glyn's Bank Ltd.									
3	Atlanta, Baltimore & Chicago	70	2.0	85	13□	87	–	–	98	139
3	West Coast & Texas Regional	90	2.1	99	11□	89	–	–	99	133
	VALUATION THREE MONTHLY									
110	Anglo-American Securities Corp.	134	5.1	186	56	24	11	9	101	168
20	Dundee & London Invest. Trust	91	6.3	120	73	15	9	3	95	209
4	*Lancashire & London Invest. Trust*	70	5.4	94	90	10	–	–	85	†
34	North Atlantic Securities Corp.	137	2.9	174	27	39	17	17	91	171
11	Oil & Associated Invest. Trust	76	6.6	103	61	34	–	5	96	176
15	Safeguard Industrial Investments	99	8.4	133	100	–	–	–	98	244
13	Scottish Cities Invest. Trust	246	6.6	365	87	9	–	4	80	†
14	Scottish & Mercantile	196	7.9	241	87	13	–	–	99	†
20	Yeoman Invest. Trust	117	7.8	160	80	12	2	6	98	228
11	Young Companies Invest. Trust	126	6.8	162	88	4	4	4	–	332

NOTES TO THE TABLE

† No data.
x Split capital trust (capital shares).
* Applies to Ordinary "A" Ordinary only.
s Does not include special dividend.
□ More than one quarter in non-equity investments.
ac Adjusted for scrip issue.
ar Adjusted for rights issue.

(a) Cols. 1, 3 to 5: Figures supplied by Wood Mackenzie & Co., members of The Stock Exchange. Col. 1 to nearest £1m; Cols. 3 & 5 to nearest penny per share.

(b) Cols. 1, 5: Statistics simulated to date shown based on latest valuations supplied by the companies and made available to The Stock Exchange. In these valuations listed securities are valued at mid-market prices and unlisted at directors' valuation. All revenue account items are excluded.

(c) Col. 4: Based on last declared dividend or firm forecast, plus tax credit, to nearest 0.1 per cent.

(d) Cols. 6 to 9: Percentages of total assets less current liabilities. Currency balances are allocated to the relevant geographical sector.

(e) Col. 10: The gearing factor indicates the percentage amount by which the net asset value per share would rise if the value of the equity assets increased by 100 per cent. Further explanation is given in the booklet "Investment Trusts today."

(f) Cols. 5, 11: Prior charges and preference shares' capital deducted at market value; convertible stocks deemed to be converted; warrants treated as not exercised.

(g) Col. 11: Figures supplied by AITC Statistics Service, to nearest one per cent. A full description of the information shown in this column is given in the "Investment Trust Year Book". In summary, the figures show the percentage changes in the net asset values over the period assuming that dividends paid, excluding tax credit, were reinvested in the underlying assets of the company.

INDICES OF FIVE YEAR TOTAL RETURN

General Trust Average	208
F.T.-Actuaries All Share	253
*Standard & Poors Composite	81
*Capital International World	94

*Adjusted for exchange rate changes.

EXPLANATORY NOTES

Use of total return statistics and care in interpretation

The total return statistic, which adjusts the net asset values for dividends, excluding tax credit, distributed during the period, enables companies with substantially different capital and dividend policies to be more fairly compared. A period of five years provides a good indication of trends and, in normal circumstances, should cover a traditional bull and bear market in the major stock markets.

Each total return figure is indexed from a base of 100 at the commencement of the period and records the movements between two particular dates. Any particular *total return figure may thus be affected by exceptional factors, operative at either the base date or at the final date, which were influencing the stock market generally or a sector of the market in which the company was interested.* The geographical distribution of a particular company's portfolio should be considered in assessing its relative performance.

While the total return statistic, if used with care, provides a valuable guide to past experience which can assist comparison of one company with another, or the trust movement with other investment media, it should always be borne in mind that past performance is not necessarily a guide to future achievement.

The total return statistic for split capital trusts is not comparable with that for other companies because of the difference in capital structure. The split capital trusts have therefore been identified in the Table and are not included in the General Trust Average index figure.

Calculation of NAV

In order to avoid a plethora of figures and to facilitate comparability, the statistics of net asset value have been calculated on a uniform basis which may, in the case of a particular company, differ from the corresponding figures in its Annual Report and Accounts.

The net asset value is calculated on the "going concern" basis, in which prior charges deducted at market value, as it is believed that this basis is the most widely accepted for comparative purposes.

FINANCIAL TIMES SURVEY
Saturday, January 23 1982

Pensions for the Individual

Many people do not appreciate that they may face a pension problem, until it is too late — not surprisingly in view of the complexities of the state earnings-related pension scheme and the diverse range of company pension schemes, as **Eric Short** reports here.

THE STATE earnings-related pension scheme which started in April 1978 marked the start of a new era for pension provision in the UK. For the first time all employed persons would qualify for a pension based on their earnings, instead of this benefit being the prerogative of those in the company scheme.

But it was not the ultimate in pension provision that some of its supporters claimed at the time. For a start, it did nothing for those pensioners already retired. But the benefit structure left certain gaps that made the State scheme fall short of the best that can be obtained from a company scheme. Thus many employees still working will find that the pension coming from the State scheme will fail to match their earnings while working.

A company pension scheme, because of the way it is structured, provides a full pension only to a minority of those employees who stay with one employer.

In the absence of any moves as yet to reform the State scheme or to bring about full transferability between company schemes, those individuals failing to secure a full pension would be well advised to make some provision to supplement the State or the company scheme.

Many individuals do not appreciate that there is a pension problem until it is too late—not surprisingly in view of the complexities of the State scheme and company pension schemes. So one needs to consider how each scheme provides the pension benefit in order to see the gaps and the consequent inadequacies.

The first major gap arose because the civil servant planners at the time had no idea how to fit the self-employed into the new structure—so they were just left out completely. As a result the self-employed can only qualify for the basic State pension and have to make their own arrangements for anything above the inadequate State basic. The Department of Health and Social Security is at present looking afresh at the position of the self-employed in the State scheme but there is no indication that it has any ideas on the subject.

Limitations

The second major gap applies to the higher paid employees, to executives and to controlling directors. The State scheme in its pension formula only takes account of earnings up to a ceiling of around one and a half times national average earnings. The present limit is £200 a week, which is being lifted to £220 a week from April.

This means that earnings above this limit do not qualify for the State pension. All persons earning above this ceiling will get the same State pension for comparable length of service. So the higher the earnings of an employee, the lower the State pension as a percentage of salary.

The third major gap occurs for those employees nearing retirement. Employees get an earnings-related pension of 1/80th of earnings for each year of membership, the best 20 years to count on a revalued basis. But only years since April 1978 count. So employees will only qualify for the full State pension if they retire on or after April 1998. Persons retiring now still get very little more than the basic State pension.

The final major gap in the State scheme is the absence of any lump sum payments at retirement or on death while working. The philosophy underlying the State scheme was that it was an income replacement scheme when the employee could no longer provide for himself or his wife because he had retired or had died while working. There was no facility to commute part of the pension for a lump sum.

A company pension scheme does provide lump sum benefits on death while an employee is still working and an employee on retirement can convert part of his pension into a lump sum that is completely free of all taxes. A company pension scheme does not have a limit imposed on earnings in determining the pension.

But it does suffer from the handicap that the pension is based on years of membership in the scheme, such as a pension formula of 1/60th of final salary for each year in the scheme. There are, moreover, inadequate arrangements for preserving or transferring the pension acquired by employees who change jobs for their years of service in the scheme.

But it also affects those employees nearing retirement in a recently established scheme, such as those set up to coincide with the start of the new State scheme. These employees will only qualify for a comparatively small pension unless there are arrangements to include previous service.

For example, an employee aged 55 on April 1978 with 10 years to retirement will get a pension of only 1/6th of final salary under a 1/60th formula.

The transferability problem has received a lot of attention in recent months following the report on the subject by the Occupational Pensions Board. But even its modest recommendations have come under severe criticism, though they would not solve the problem until the next century and then only under conditions of modest inflation. The Government, even though it wholeheartedly supports the report, does not intend to legislate.

Summing up, there are four major groups of individuals who can expect inadequate pensions from the present arrangements, namely:—

- the self-employed;
- controlling directors and executives;
- employees nearing retirement;
- employees who have changed jobs after age 35.

Such persons needs to consider the alternatives available to them to boost their pension and other benefits!

Fortunately the Government allows very generous tax concessions to encourage people to save towards their own pension. Full details for each type of person are given in separate articles in this survey. But essentially people receive full tax relief at their top rate on their contributions, investment is made into funds that are tax-exempt and the ultimate pension is taxed as earned income, with any lump sum payments free of tax.

But the individual has to use the special pension schemes to qualify for these concessions. If he tries to build up his own direct portfolio, he will be hit by the taxman right, left and centre. He will have to contribute out of income that has been taxed. His investment income will suffer tax and when he cashes-in his investments to provide the pension he will be taxed again on capital gains.

These approved pension arrangements are thus the most tax-efficient means of saving and mitigating tax liability available to individuals and their businesses. They should form the central pillar in the financial planning made by individuals.

One particular feature under both Personal Pension Plans (PPP) for the self-employed and Executive Pension Plans (EPP) for directors and executives is that lump sum death benefits are paid free of Capital Transfer Tax. This feature enables family businesses to use pension arrangements to smooth the handing on of the business from generation to generation without facing crippling tax bills each time.

Tailor-made

Contribution payments into the pension arrangements need not be of fixed amounts each year but can be varied. This contribution can be tailored to each year's profits and thus reduce the Corporation Tax bill. This is of particular use to small companies whose profits in a particular year go above the small company limit. A higher contribution to an EPP can help bring profits down below the limit.

The big drawback with pension arrangements has been that the assets accumulated by individuals or companies cannot be touched for any purpose except paying pensions or death benefits. They cannot be used even temporarily for any other purpose. A very recent development has been the introduction of loanbacks with borrowing on the strength of the pension assets. The position is complex and a separate article on this subject describes in detail how loanbacks operate and their limitations.

But they have given companies and individuals another source of finance for their business or for their own personal use. Current financial planning now regards the provision of pension as just one aspect of what pension schemes can provide.

The self-employed have only one means of tax saving through a PPP scheme with a life company. Directors have a wider choice. They can opt for being treated as self-employed or they can become members of the main company scheme. They can have their own scheme either through an EPP with a life company or running their own scheme. There is tremendous scope for financial planning.

Employed persons already in a pension scheme can boost their pension through an Additional Voluntary Contribution (AVC) scheme. Employees solely in the State scheme are eligible for a PPP from a life company. This contract is not solely for the self-employed but is available to anyone not in pensionable employment. And the Inland Revenue does not regard being in the State scheme as in pensionable employment. Life companies are reporting a high sales level for AVCs and a growing interest by employees in PPPs.

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Editorial production of this survey was by Mike Wiltshire. Design by Philip Hunt.

Key issue demanding serious consideration

Self-employed: planning the pension

TIMOTHY DICKSON

UNLESS YOU believe in the maxim "Eat, drink and be merry, for tomorrow we die"—and even sometimes if you do—pension provision is a subject anyone who is self-employed ought to think about seriously. The most obvious reason is that unlike those working for a company the self-employed have no employer to take care of arrangements. But just as compellingly a look at the benefits should demonstrate that quite apart from the need to provide an income at retirement a personal pension plan is by far the most tax-efficient way of saving. (Table 1, for example, shows the value of the cash sum alone from one typical life company.)

"Personal pension plan," is another and perhaps better description for what is commonly called a self-employed pension plan. For although such plans were designed mainly for the self-employed they can be taken out by anyone who earns income from non-pensionable employment.

That category includes directors and employees of companies without their own occupational pension scheme (they may, of course, opt for an executive pension plan) though even entitlement to an occupational pension is not necessarily a disqualification. Doctors with private practices and journalists writing freelance articles for newspapers other than the one employing them are also eligible but their maximum contributions (discussed later) will be based on these non-pensionable earnings alone.

The tax advantages of a personal pension plan can be summarised as follows:—

● The premiums to the plan, within statutory limits, qualify for relief at the individual's top marginal rate (excluding the investment income surcharge). At the moment the top rate on earned income is 60 per cent so someone in this position could contribute, say, £1,000 a year for a net cost of £400.

● This money is invested by a life company and accumulates in a fund which pays no income or capital gains tax. No alternative form of saving—except some National Savings instruments—enjoys this benefit.

● Once the policyholder reaches retirement age (which can be taken between 60 and 75) he or she can take part of the proceeds in the form of a tax-free lump sum (how much is also discussed later). The

rest can be used to buy an annuity (or pension) which is taxed as earned income. Income from most other forms of saving would be classed as investment income and thereafter be subject to the investment income surcharge.

Given these attractions it is not surprising that the Government has imposed restrictions on how much policyholders can contribute to a personal pension plan. It is worth pointing out, however, that the limits have become increasingly generous over the years and now compare reasonably favourably with those for people in employment.

Contributions can be made on either a regular basis or as a lump sum. Each contribution secures a benefit at retirement independent of other contributions, so there is no obligation — as with a standard life insurance policy, for example — to make payments every year.

Following changes in the 1980 Finance Act the maximum percentage of new relevant earnings which may be paid to a pension policy and on which tax relief may be given is as follows:

Year of birth	per cent of NRE*
1907 or earlier	32.5
1908 or 1909	29.5
1910 or 1911	26.5
1912 or 1913	23.5
1914 or 1915	20.5
1916 or later	17.5

*Net Relevant Earnings.

If the individual is receiving a pension from full-time employment the limit is 17.5 per cent whatever the date of birth.

Net relevant earnings in this context mean earnings from self employment or non-pensionable employment less certain deductions. Since 1980-81 stock relief was added to the list (which includes capital allowances not already deducted and certain losses) but certain personal charges, notably mortgage interest relief, have been excluded.

A major development in the 1980 Act for those on high incomes was the abolition of the old £3,000 monetary limit. This means that the self-employed whose net relevant earnings are say, £25,000 can now contribute up to £4,375 to the pension plan in a given year (17.5 per cent of £25,000).

The progress which has been made for the self-employed through successive legislation can be illustrated by the terms of the 1956 Finance Act, which first introduced personal pension plans for the self-employed. The limits at this stage were 10 per cent of net relevant earnings up to a maximum of £750.

One of the big problems for the self-employed, however, is the fluctuation in their earnings pattern. One poor year can be followed by a bumper period when the individual may wish to tuck away as much of his "surplus" as he possibly can. This option was greatly improved in the 1980 Finance Act by new carry-forward provisions of unused relief from previous years.

Under the new arrangements it is possible to carry forward unused relief for up to six years. Thus contributions can be made in 1981/82 which not only take into account the 17.5 per cent of net relevant earnings for this year but include relief which could have been claimed but was not in fact used in earlier years (back as far as 1975/76). The total amount of unused relief available must be calculated with reference to the limits and percentages prevailing in those earlier years (see Table 2 for individuals born in 1916 or later) and though it is unlikely that anyone would be in a position to take advantage of all this in one go the provisions have introduced much greater flexibility.

It is important to note, however, that the legislation does not permit the self-employed to work permanently in arrears. Relief calculated for the current year has expressly to be used first, with "unused" relief then taken in chronological order (in other words, from 1975/76 before 1978/79 if both are available).

There are also new carry back arrangements which allow premiums to be treated for tax purposes in the year previous to the year in which it was actually paid.

Once the individual has decided how much he is going to contribute to the plan, it is well worth contemplating life insurance cover. Section 226A of the 1970 Income and Corporation Taxes Act provides that up to 5 per cent of net relevant earnings ca nbe used to provide the equivalent of an employee's death in service benefit, an annuity for the widow or widower or dependants after the policyholder's death or a lump sum in the event of death (though not if this is after 75).

The advantage is that these premiums are eligible for tax relief at the individual's highest marginal rate of tax (on earned income) whereas someone in employment looking for cover could only get relief at 15 per cent (the current rate of Life Assurance Premium Relief). Remember, though, that the 5 per cent must be deducted from the maximum amount which can be contributed towards the pension plan (that is, 17.5 per cent of net relevant earnings in the case of someone born in 1916 or later).

Under the provisions of the Finance Act 1980 it is now possible to write Section 226A policies in trust so that capital transfer tax can be avoided on the sum assured. This is a real advantage only if the named beneficiary is other than a spouse—say a son or daughter.

The question of how to choose a life company to invest the contributions (and which fund managed by a unit-linked company they should be put in) is being dealt with in other articles.

At the outset, however, the policyholder should be aware that when he or she retires the pension benefits may be taken in two forms—a tax-free lump sum and an annuity which is an annual payment for the rest of the individual's life. The benefits are described as the policy value and a quotation will be made bearing in mind the company's bonus rates. This would then be split down into a cash sum plus annuity rate—the latter will clearly depend on interest rates at the time of retirement but a figure based on rates guaranteed in the policy and one based on rates currently applying will normally be quoted.

The benefits may of course be taken entirely in the form of annuity (in which case the annual pension would be larger) but the tax-free lump sum (if required) can by law be no more than three times the remaining pension.

Table 1—SELF-EMPLOYED RETIREMENT PLANS
(Yield on net outlay represented by cash sum at the end of 10 and 20 years)

No. of premiums	Rate of tax relief	Net outlay pa (£)	Cash sum (£)	Yield pa†
11	60	400	5,997*	6
11	60	400	7,640‡	10.5
21	30	700	24,741*	5
21	30	700	31,516‡	7
21	60	400	24,741*	9.75
21	60	400	31,516‡	11.75

* Based on Guaranteed Annuity Rates.
† Rounded up to nearest ¼ per cent. NB This return is before taking into account the value of the pension.
‡ Based on Current Annuity Rates.

Source: Equitable Life projections.

Table 2—UNUSED RELIEF FOR AN INDIVIDUAL BORN 1916 OR LATER

	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
Per cent of NRE†	15	15	15	15	15	17.5
Max. monetary limit (£)	1,500	2,250	3,000	3,000	3,000	—

† Net Relevant Earnings.

Tax-efficient schemes for shareholding directors

Executive pension plans

TIMOTHY DICKSON

UP TO eight years ago controlling directors made arrangements for their retirement under the special provisions designed for the self-employed. In 1973, however, legislation was introduced which allowed controlling directors to become members of a company pension scheme and thereafter business in executive plans really took off. Although originally devised to give top executives better benefits in retirement than other employees, these schemes are also widely used as a tax-efficient means for shareholding directors to take money out of the business (through the tax-free lump sum).

Since April 1978 employers have been obliged to make contributions to the state earnings-related pension scheme unless they have "contracted out" and set up their own scheme. To do so, however, they have among other conditions to show that they can provide as good if not better benefits for employees than the state version, which gives an open-ended commitment to pay a pension based on the employee's final salary.

Executive plans can also be used in conjunction with a company scheme to provide benefits to certain employees, but it is not common for them to be guaranteed on the basis of the final salary. (This could be an expensive commitment if wage inflation takes off.) It is more likely that directors would "contract in" and receive the proceeds from the private scheme in addition to their state benefits.

Controlling directors of companies still have a choice between taking out a personal pension or self-employed plan and setting-up an executive scheme. Although the attractions are broadly the same, the benefits are calculated in a very different way.

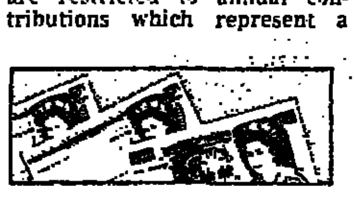
Very briefly, the tax advantages (as with self-employed plans) are as follows:

● Full tax relief on the employer's and employee's contributions (excluding the investment income surcharge in the case of the individual). Thus the net cost of a £1,000 annual contribution would be £480 to a company paying 52 per cent corporation tax and £400 for an individual whose top marginal rate is 60 per cent.

● Investment in a fund which is entirely free of taxes (income tax and capital gains tax).

● The benefits at retirement may be taken partly as a lump sum which is free of tax and partly as a pension which is treated as earned income. The investment income surcharge can therefore be avoided.

Whereas the self-employed are restricted to annual contributions which represent a



specified percentage of Net Relevant Earnings, the limitation on what can be put into an executive plan has to be worked out by looking at the maximum benefits available at retirement. These are based on final salary.

By far the most common type of scheme is approved by the Inland Revenue under Section 20 of the 1970 Income and Corporation Taxes Act and the benefits are as follows:

Retirement. For employees with at least ten years' service (and no benefits from other sources) a pension may be provided of up to two thirds of final salary. Employees with less than ten years' service have to take account of the following table. It is worth noting that because benefits will be bigger the higher the salary is, it will almost certainly be advisable to add 15 per cent on to what normally would have been the employee's salary (the maximum employees can contribute to an executive scheme is 15 per cent).

In this way a director can supplement his retirement benefits because contributions are included as part of "final salary."

Yrs. of service to pension age	Max. pens. as fraction of final salary
1 to 5	1/60th*
6	8/60ths
7	16/60ths
8	24/60ths
9	32/60ths
10 or more	40/60ths

* For each year of service.

All or part of this pension may be exchanged for a tax-free lump sum. The maximum, though, that can be taken in this way is an amount equal to 1½ times final salary for an employee with at least 20 years' service. For employees with shorter service the cash amount is as follows:

Yrs. of service to pension age	Max. cash as fraction of final salary
1 to 8	3/80ths*
9	30/80ths
10	36/80ths
11	42/80ths
12	48/80ths
13	54/80ths
14	63/80ths
15	72/80ths
16	81/80ths
17	90/80ths
18	99/80ths
19	108/80ths
20	120/80ths

* For each year of service.

Death before retirement. A cash lump sum of four times salary (or if greater £5,000 regardless of salary) can be paid plus a refund of the employee's contributions with interest plus a widow's or widower's pension of 2/3rds of maximum prospective personal pension (ie, 4/9ths of final salary if at least ten years service is possible). Here again it is worth emphasising that the employee's salary can be bumped up if contributions up to 15 per cent of his earnings are paid by him rather than the company.

Death after retirement. In this event a widow's or widower's pension can be paid on the same basis as above (regardless of whether the maximum was provided for the executive on retirement).

Cost of living increases are also controlled under this legislation. The upper limit is based on the maximum pension that could have been paid on retirement (whether it was or not) adjusted for increases in the Retail Price Index (RPI). There is also a restriction on increase which can be funded in advance.

"Salary" for the purpose of executive pension plans can include all remuneration taxed under Schedule E — eg director's fees, fluctuating earnings, bonuses and benefits in kind.

In working out the maximum retirement benefits "final" salary can be the salary paid in any one of the five years before retirement or the average salary in any three consecutive years in the last ten. If a year other than the last year before retirement is used, the salary can be notionally increased in line with the RPI to arrive at the "final" figure.

PENSIONS FOR THE INDIVIDUAL III

FT writers analyse the features of two types of personal pension plan

Prospect of better benefits —but at a greater risk

THE PRINCIPAL objective of any self-employed pension scheme must be to maximise pension benefits on retirement. That is clear-cut enough but there are various routes towards achieving that end, some offering greater risks but also dangling the carrot of higher returns.

Unit-linked policies clearly carry a greater risk. There is the view that those who spend their lives self-employed probably take enough risks without taking a chance with their pension. Yet unit-linked policies do offer a chance to achieve a much higher pension at the end of the day.

Under a unit-linked policy each premium payment buys a number of units in a selected investment fund, or perhaps funds. The number of units that each premium investment buys varies with the price of the units which are directly geared to the underlying asset value of the fund's investments. When unit prices are high a premium payment buys less units.

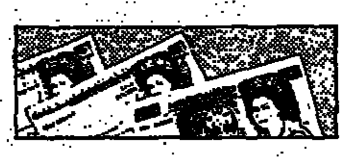
Some companies do offer guarantees on annuity rates or annuity funds but for the most part the ultimate pension will be determined by the value of the units at retirement date.

Overall there are three main factors which will influence an investor's final pension. First, and most important, is the investment fund's performance, which will be reflected in the underlying unit value. Unfortunately this is probably the hardest factor for the investor to evaluate. Second, the investor has to consider the level of charges that will be levied by the company on premiums invested and the fund itself. Finally there are annuity rates prevailing when retirement comes round.

Unit-linked funds, like traditional with-profits funds, enjoy "exempt" status. In contrast to conventional funds the investor in a unit-linked policy receives all the benefits from capital appreciation in the form of higher unit values. A conventional fund may not distribute all the gain, putting some aside to reserves.

Performance comparisons between unit-linked and conventional policies over the past few years indicate that the best performing unit-linked have outpaced with-profits. It would be wrong, however, to place too much *emphasis on recent results.* Unit-linked contracts are in their relative infancy—in the mid-seventies there were only a dozen or so around—and it could be misleading to dwell on the performance of any one fund over a relatively short time.

Yet the best the investor can do is to be guided by the past performance of the various investment houses. If one com-



PPP: unit-linked schemes

TERRY GARRETT

pany's results seem consistently good over a range of funds the chances are that it will keep ahead of the game—but there are no guarantees.

Depending on how much the individual can afford to invest it is possible to spread the premiums over two, or perhaps even three, management houses. Since the Government increased the contribution levels such a spread is practical, though it would need a considerable amount of funding.

Assuming that the choice has been narrowed down to a few companies the next question is the choice of funds to invest in. Most have a wide selection specialising in different investment medias such as equities, property, gilts or overseas markets. It can be a daunting choice.

Save and Prosper announced earlier this month that it is linking its wide range of unit trusts to its self-employed pension scheme, with the exception of two exempt funds and the Gilt and Fixed Interest Growth Fund. Save and Prosper will then be able to offer twenty three unit trusts in addition to five existing pension funds linked to self-employed *schemes.*

Many advisers suggest that investors should pitch for *managed funds. This leaves the* direction of investment up to the company, and does give a *spread. Unless the individual* feels especially adroit at picking the right market at the *right time the managed fund* may provide the best answer.

Even so, switching facilities *do give an opportunity to maximise* an investment. Most companies allow investors to *switch from one in-house fund* to another. Normally an investor would be allowed one free *switch a year with charges* made for any subsequent changes. In theory switching *allows the investor to move* from, say, gilts into equities and from equities into gilts to get the best possible *return.*

That is in theory; switching can be risky. Unless the *investor gets the timing right* there is a good chance that he may leave it too late and could end up with the worst of the downswings and little of the upturns. Rather than maximising the return heavy-switching could minimise it.

Perhaps the one important time to make a switch is in the five or so years run-up to retirement. When a policy matures the value of the units will buy the pension entitlement. If unit prices are low—perhaps because of a slump in the equity market, for example—the pension can be badly hit. There are still painful memories for those who had to take their pension in 1974 and 1975. Most policies allow the investor to delay taking the pension in the *hope that* values pick up. That is not always practical or desirable.

A better idea is to consolidate the gains of a performance fund some time a few years ahead of retirement by switching into a money fund where capital values are assured. Timing is flexible of course and must depend on the state of the performance fund. Possibly some capital appreciation may be lost by switching too early but at least gains made are protected in the important period preceding retirement.

The charges that the companies make on their policies are spelt out at the onset; but they may not always be *straightforward* and do vary. The heaviest costs are normally incurred at the policy's outset *when the company copes* with all the paper work and pays commissions to intermediaries.

On single premium contracts this is usually covered by an initial management charge *leaving only* a proportion of the premium to be invested. On regular pension contracts companies *normally* spread the charges over a number of years, though there may be a *hefty deduction from the first* year's premium. The common approach is to charge an additional management fee on units allocated in the first year or two. This is known as the "capital" unit system.

Some unit-linked plans attempt to offer a form of security to investors by incorporating a guarantee of some type or another on the final pension. A guaranteed minimum annuity rate is typical, while some companies offer a guaranteed minimum fund. Others offer an option of a pension which continues to be linked to the performance of the units. This has the advantage that the pension may keep up with inflation, though this option usually means the starting level of the pension is low and of course unit values can fall.

What should the potential investor do? Ideally, half the premiums should be directed towards conventional with-profits policies — perhaps between two different companies. The other half, assuming the investor is able to put aside enough each year, should be spread among unit-linked policies. Again, ideally, this should be directed towards more than one company. This way the investor can have both security and a stake in performance funds which may add a bit extra to the final pension. If insufficient money can be put away each year a traditional regular premium policy could be supplemented by some single premium unit-linked ones in the good years.

Wide choice of schemes available

THE SELF-EMPLOYED seeking a pension plan from a life company have a variety of schemes marketed by a host of life companies from which to choose. Each type of scheme has its own characteristics and the self-employed need to understand these characteristics and what they imply when making their choice.

Unit-linked schemes are straightforward to understand. The contributions are used to buy units in a fund. At the time of retirement the units are cashed-in to meet the commutation sum allowed, with the balance used to buy a pension. Conventional schemes are much more complex, even though they have been around for much longer.

The keynote to traditional contracts is the guarantees given as to the ultimate benefits to be received. These guarantees in money terms vary only according to the type of contract. The history of personal pensions has shaped the present style of contract and a brief summary will indicate how the present styles have been determined.

When personal pension plans first became available in 1956 the schemes marketed by traditional life companies were based on the well-established deferred annuity principle. Under this system each single premium or each level of annual premium secured a given amount of pension. The pension could be on a non-profit basis, when the pension was completely guaranteed, or it could be on a with-profits system.

The implications of with-profits will be discussed later. It provides a lower level of guaranteed pension, but this is increased periodically by bonus additions.

The actuary in determining the amount of pension secured by a single premium took into account the interest rates ruling at the time. With annual premium contracts he had to consider the level of interest rates over the whole term of the contract and thus had to be cautious because of the guarantee element.

At the outset the self-employed were not allowed to commute any part of their pension for cash at the time they commenced drawing their pension. Thus it was natural for conventional companies to fund for the pension and the guarantee related to the pension.

All this changed in 1971 when cash commutation was allowed.

This focused attention on the cash sum available at the time of retirement away from the pension. From there it was only a short step to switching the type of basic contract to what is technically known as a pure endowment. This builds up a cash sum over a period. The lump sum payment was made from the cash accumulated and the remainder was used to buy a pension at the annuity rates pertaining at the time of retirement.

The accumulation of the lump sum can be fully guaranteed on a non-profit basis, or it can be on a with-profit basis, with a smaller guaranteed element, which increases with each bonus declaration. The guarantee is now on the cash sum.

In a non-profit system the pension or the cash sum is guaranteed in money terms only. In 1956 inflation rates were extremely mild and a non-profit contract offered reasonable terms with complete money security. The inflation rates in the 1970s made a nonsense of non-profit contracts and very few of these are now marketed, even with the current high interest rates now available.

The with-profit system enables the life company to give to the policyholder the investment profits earned by the underlying funds. With a mutual life company all profits belong to the with-profit policyholders. In a proprietary life company, however, the amount of profit has to be split between the with-profit policyholders and the shareholders. The policyholders get the lion's share—around 90 per cent, though the proportion does vary between companies.

PPP: traditional schemes

ERIC SHORT

The workings of the with-profit system are still shrouded in a certain amount of mystique—with the actuary playing a dominant role in the process. He first determines the amount of profit available from the funds by valuing the assets and the liabilities. He then recommends how that profit is given to policyholders in the form of bonuses.

Bonus systems come in many forms but are usually divided into two main parts—a bonus that is added periodically during the term of the contract, known as reversionary bonus and a bonus added when the pension is about to be drawn, known as a terminal or final bonus. The reversionary bonus is intended to reflect the profits on investment income plus the capital appreciation that can be brought into the valuation. The terminal bonus should reflect unrealised capital appreciation not reflected in the reversionary bonuses. The distinction between the two is now becoming blurred.

Reversionary bonuses are based effectively on a moving average of interest rates over a long period and thus the element of risk is reduced to a minimum. The actuary arranges his valuation so that there are no wild fluctuations in the amount of profit shown in the valuation, irrespective of the movements in the underlying asset values. This ensures that bonus rates remain stable despite drops in the market. This inherent stability is one of the strengths of traditional with-profit schemes.

Terminal bonuses should in theory be more volatile, reflecting capital movements. But all indications are that actuaries have extended their averaging processes to smooth out these fluctuations.

When the self-employed invests in a with-profits contract he is leaving the investment completely in the hands of the life company. Because the life company has to meet the guarantees inherent in the schemes, and each bonus declared is added to the guarantee element, the fund needs to hold the appropriate fixed-interest stocks to match those guarantees.

A with-profit pension plan will provide the self-employed with a good return on his money and a high level of guarantee. Comparison with linked plans is dealt with in another article.

All pension plans, however, have to achieve one common target—at least to match inflation. The introduction of index-linked gilt stocks has offered such an opportunity to the self-employed. While most life companies regard the stock as just another investment to consider and reckon they can do better than inflation, a few life companies offer a fund investing solely in the index gilts. The traditional companies offering such plans, like National Provident Institution (NPI) and Sun Alliance, guarantee a cash return in real terms.

For example, NPI guarantee a return of £1,200 revalued in line with the Retail Price Index after 15 years for a single premium of £1,000 and £1,470 revalued after 24 years.

Another variant on the traditional contract is the deposit administration style. These contracts operate in a manner similar to bank deposits. The premiums, after a deduction for charges, are deposits in the investment fund and the member has an account that is credited with interest at regular intervals. The interest rate will more closely match investment conditions at the time and can fluctuate with those conditions. Most of these contracts, however, offer a minimum guaranteed rate of interest to which bonus interest is added and there is a element of smoothing out the fluctuations.

Some companies guarantee that the interest rate will be not less than the building societies' recommended rate. The BS rate can fluctuate and need not have the stability of bonus rates.

Value of the Market Option Fund secured by
(a) Six annual premiums of £500 each or
(b) A single premium of £500
over a five-year investment period to October 1, 1981

WITH PROFITS

(a) Annual premiums Company	Fund £	(b) Single Premium Company	Fund £
National Mutual Life	4,390	National Mutual Life	993
Friends Provident	4,267	London Life	939
London Life	4,172	Irish Life	895
Equitable Life	4,136	Standard Life	891
Yorkshire-General	4,098	Equitable Life	886
Scottish Widows	4,078	Life Assn. of Scot.	883
Equity & Law	4,076	Scottish Widows	878
NPI	4,040	Norwich Union	873
Standard Life	3,949	Yorkshire-General	869
Norwich Union	3,922	NPI	852

Value of the Market Option Fund secured by
(a) 11 annual premiums of £500 each or
(b) A single premium of £500
over a 10-year investment period to October 1, 1981

WITH PROFITS

(a) Annual premiums Company	Fund £	(b) Single premium Company	Fund £
Equitable Life	10,745	Equitable Life	1,502
NPI	10,588	Equity & Law	1,406
Yorkshire-General	9,748	Scottish Equitable	1,387
Sun Alliance	9,696	Provident Mutual	1,361
Provident Mutual	9,663	NPI	1,331
Norwich Union	9,652	Sun Alliance	1,300
UKPI	9,521	Yorkshire-General	1,297
Scottish Equitable	9,468	GRE	1,260
Scottish Mutual	9,200	UKPI	1,248
Prudential	9,051	Norwich Union	1,239

Wide disparity in cash sums accumulated

Comparisons of investment performance

ERIC SHORT

IN ARRANGING their pension provision the self-employed have a wide range of contracts available from which to make their choice. It is of vital importance for them to make the correct selection, because at the end of the day the amount of pension available at retirement will depend on the amount paid in and the investment performance of the underlying funds. How does the self-employed make his choice?

First it is necessary to understand the underlying investment implications of each type of contract. Other articles in this survey have described this in general terms. The effects of these investment requirements on the return for each type of contract can be seen from the performance tables.

Such tables can show the variation in return between the various life companies for each type of scheme. They can show whether the differences between their various linked funds are significant. And they can give some guidance to that perennial question of which is the better contract for the self-employed—unit-linked or with-profits.

The tables show the top performing companies for with-profit contracts over five and 10 year periods and for unit-linked plans over five years, for both annual and single premiums—all taken to October 1, 1981. There are very few unit-linked plans that have been going for as long as 10 years. The figures were supplied by *Money Management* and will be included in the next issue of the *Self-Employed Handbook*.

The tables show the cash value of the funds at the time *of retirement, rather than the* pension. Now almost all plans have a market option, the self-employed can take the cash and buy a pension with any life company of his choice, so comparison needs to be on the cash sum.

The first feature to notice from past performance applies to all types of contract and that is the wide disparity in the cash sums accumulated. This is possibly surprising for with-profit schemes, where one might expect results to be within a narrow range, since the investment requirements to cover the guarantees require a similar pattern. There is a difference of £1,169 between the top and bottom companies over five years for annual premium contracts and almost £4,400 for 10-year annual premium plans.

One expects unit-linked contracts to be volatile in performance, simply from the nature of the investments. The *Money Management* tables show that for five year annual premium contracts the difference between top and bottom funds was £1,820.

The need for the self-employed to be careful in selecting life companies is heavily underlined by these tables. They need to look behind the advertisements or the sales patter.

Turning specifically to unit-linked contracts, the self-employed have to choose not only the life company, but the underlying fund for linking—equity, property or managed. The five-year results show some interesting features. Top property funds have done slightly better than top equity funds, but there is very little in it.

The linked companies are now offering the specialised unit-trusts for linking to self-employed contracts. There is now no need to set up an exempt trust for pension schemes because the tax concessions of the 1980 Finance Act made unit trusts virtually tax exempt.

But many self-employed have *in the past gone into the* managed funds—a mix of equity, property and fixed-interest—and left the entire investment management to the life company. On past results, this has turned out not to be the best policy. The top managed funds have lagged significantly behind both equity and property funds.

These results, admittedly over a short period, tend to *refute* the main argument justifying managed funds—that the managers would manage the mix of investments to take advantage of different movements in the various markets. Instead they appear to be averaging out performance, instead of maximising it.

Now, there is the comparison between with-profits and unit-linked contracts. To compare like with like, one should measure with-profits with managed funds. The underlying investment mix and philosophy is similar, except that with-profit funds have to hold sufficient fixed-interest stocks to match the guarantees. Over the five years, the top three with-profits contracts have done better than the top managed fund.

But when comparison is made with property or equity funds, it is a slightly different picture. Both seem to have the edge over with-profits. Whether it is sufficient compensation for the absence of guarantees is another question that only the individual self-employed person and his adviser can answer.

However, five years is still a comparatively short period over which to measure performance. The structure of charges on linked contracts has a significant effect over short periods. This is clearly illustrated by the results of Hambro Life, which recoups its expenses at outset. This hits short-term performance but the effect wears off over longer periods. The company's five-year performance reflects this. But its 10-year performance — £11,611 for property and £10,591 for managed funds — compares favourably against with-profits.

Value of the Market Option Fund secured by
(a) Six annual premiums of £500 each or
(b) a single premium of £500
over a five-year investment period to October 1, 1981

UNIT-LINKED

(a) Annual premiums Company	Fund £	(b) Single Premium Company	Fund £
(1) MANAGED FUNDS			
Property Growth	4,168	Albany Life	1,189
Albany Life	3,975	Schroder Pensions	1,155
Schroder Pensions	3,932	Lloyds Life	1,029
Lloyds Life	3,842	Confederation Life	1,000
Tyndall	3,800	Abbey Life	965
(2) PROPERTY FUNDS			
S & P	5,024	S & P	1,270
Welfare	4,775	Welfare	1,196
Tyndall	4,550	Merchant Investors	1,095
Merchant Investors	4,332	Abbey Life	1,051
Abbey Life	4,259	Tyndall	1,030
(3) EQUITY FUNDS			
Welfare (Inv. Trust)	4,955	M & G	1,430
M & G	4,690	Welfare (Inv. Trust)	1,387
Hill Samuel (Fin. Tst.)	4,364	Albany	1,309
Albany	4,127	Hill Samuel (Fin. Tst.)	1,186
Lloyds Life	4,089	S & P	1,161

Popular in the executive market

Executive unit-linked schemes

ERIC SHORT

THE UNIT-LINKED life companies have acquired a substantial share of the executive pension market, simply because they appreciated quite early on the potential of this market, following the enfranchising in 1973 of controlling directors into company pension schemes. Their traditional counterparts were too busy getting tied up in *the mainstream company* pension market.

The basic objective of any executive pension plan is to build up a cash sum at retirement out of which the cash sum can be paid and any cash left is used to buy a pension.

Unit-linked schemes differ from conventional schemes in several respects. The premiums paid, annual and single, are used to buy units in the underlying funds. The plan accumulates these units until retirement to build up the cash sum.

The amount of cash available depends firstly on the number *of units acquired and secondly on the price of the units at the* time of retirement. There is no guarantee in the amount of the cash sum—in theory, it could be nil if the unit price is nil. In practice, it could well show a return well above the conventional plans with their guarantees.

The second major difference between unit-linked and with-profits concerns the method of charging to cover the expenses of the life company. There is an initial charge of 5 per cent of the premiums which is included in the spread between the offer price — the price at *which units are bought — and* the bid price — the price at which they are sold. This covers expenses at outset, and applies to annual and single premiums.

This charge is easy to understand, but the method of renewal charges made each year is more complex. The life company makes an annual charge on the yield of each fund—the usual rate being ½ per cent of the fund.

But for those units bought in the first two years, on annual premium contracts, there is an additional charge—usually 3½ or 3¾ per cent of the yield, making a total charge of 4 or 4¼ per cent. The companies assist clients in understanding this differential by designating those units bought in the first two years as initial or capital units and calling the normal units accumulation units. These capital units bear the higher renewal charge.

By this means, the company will recover all its expenses and provide a profit for its shareholders up to the normal retirement date of the contract.

If the executive wishes to retire early, then there would be a penalty on the capital or initial units, depending on how early is the retirement and how long the policy has been in force. But there would only be a small charge if any on the accumulation units.

The other major area of difference between unit-linked and conventional schemes lies in the method of investment. First, the investor with unit-linked has a wide choice of funds—UK and overseas equities, property, fixed interest and cash. The range of the funds tends to grow with the passage of time. Secondly, unit-linked contracts give clients the opportunity to switch funds at minimal or nil cost.

Thus, in theory the holders of executive pension plans can move their units from one fund to another to avoid the bear markets, while they can invest new premiums in those markets that are currently dull, although likely to recover. The permutations of arranging the investments are endless.

It needs to be remembered that it is easy (on paper) to make vast profits on switching. In practice, people tend to get their timing wrong. It needs expert investment advice to handle an executive pension plan. Fortunately, the size of investments on many plans are large enough to justify employing professional advisers.

Until recently, professional advisers tend to concentrate on managing the private portfolios of investors. Now they are appreciating the potential of managing unit-linked pension plans.

At the end of the day, the level of benefits or the cost to the company depends on the investment performance, since these are cash contracts. Switching offers the client the opportunity to maximise the investment return.

However, if the executive does not wish to be involved in any way with this type of investment management, he can leave it all to the life company by investing in units in the managed fund. Here, the life company takes responsibility for the mix and switching of investments within the fund.

Even so, there is one important switch that all executives should consider. This involves switching into the cash fund near retirement. Even managed fund units could fall in price in a bear market to the detriment of both the cash sum and the pension.

Executive schemes these days operate on a money purchase basis, with no guarantee as to the size of the ultimate pension benefit or cash sum. This contrast with the mainstream company pension scheme where pension benefits and lump sum are defined as specific amounts based on final or final average salary.

Nevertheless, it is possible to target in on a given level of benefits such as a lump sum of 1½ times final salary or a pension of two-thirds final salary. The life company would calculate the required premium rate to achieve these benefits on assumed rates of growth for the funds. This figure needs constant revision as the assumed yield to date has always been underestimated.

This leads on to an interesting problem for these companies. The Inland Revenue is inflexible on the maximum benefits that can be paid. If the investment performance is good, it is possible to get into this situation and be forced to refund contributions to the company. But that is a problem for the future.

GREAT PENSIONS

هكذا من الأصل

System offers full investment freedom

COMPANY PENSION schemes have always had the option to manage their own investment portfolios, either with an in-house investment team or through outside investment advisers such as stockbrokers or merchant banks. They have never been forced to use the life company investment inherent in an insured scheme. The trend is now growing for more company schemes to switch from an insured basis to doing their own investment management.

An executive pension scheme is essentially a company pension scheme whose members are a select body of company employees. So there is no reason why the executive scheme should not be on a self-administered basis. The first such schemes appeared on the scene soon after the 1973 Act *allowed controlling directors* to be members of a company pension scheme.

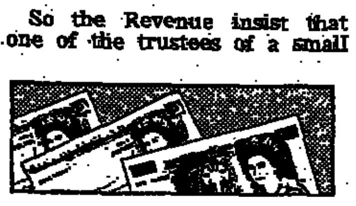
The Superannuation Funds Office of the Inland Revenue gives quite different considera*tions to the approval of such* schemes — technically termed small self-administered schemes *—than it does to normal com*pany pension schemes.

Its concern is centred on the *small number of* members of the scheme who are closely knit; for example members of *the same family as controlling* directors and executives in a family business. The SFO has set out its *general rules for* small schemes in its famous Memorandum No. 58.

In the first instance, the SFO is concerned over the potential threat of having the scheme wound up and its assets distributed. Small schemes like any company pension scheme are set up under a trust with the trusts deed setting out all matters concerning the operation of the pension scheme.

Under the case of Saunders v Vautier of 1841, the beneficiaries of a trust can petition to have the trust wound up and the assets distributed, despite the rules of the trust on winding-up. All that is necessary would appear that all the beneficiaries are identifiable and they all agree on a course of action. *With a small* scheme the small number of members who are closely connected, by blood or business or *both, could in* theory use this case to share out the assets of a tax exempt fund.

So the Revenue insist that one of the trustees of a small



Small self-administered schemes

ERIC SHORT

scheme is what it terms a pensioner trustee, who is an individual or corporate body independent of the members of the scheme and is officially approved by the SFO. His role is to ensure that the scheme is not prematurely wound up under this case, and that any winding up will be in accordance with the rules.

This leads on to the definition of a small scheme which is governed by the number of members. Originally, the SFO fixed less than 12 as constituting a small scheme. Then it found that this rule was being circumvented by bringing elderly employees into the scheme to make up the numbers.—So in Memorandum 58, the SFO has adopted a more flexible approach in that if the majority of members are closely connected the scheme is small *even if the numbers exceed* 12, while a scheme of less than 12 members may not be regarded *as small if the members are not* closely connected.

One main advantage with a self-administered company pension scheme is that it has complete investment freedom. The trust deed *lays* down the investment powers of the trustees and these are usually written very *widely*. So a company pension scheme can lend money back to the parent company and it can invest in shares, property or other assets of the parent company, though there is a strong move to limit such self-investment.

It can also invest in such assets as *commodities, works of* art and other esoteric holdings. The British Rail Pension Funds hold a substantial portfolio of works of art, though no further additions are being made.

Such investment freedom could be taken to the limit by a small scheme where the bene*ficiaries are effectively the same* persons that control the company. So memorandum 58 set *down certain limitations* on investments.

First, the small scheme cannot lend back to the parent more than 50 per cent of its assets, except for very short periods. *And the loan must be* on commercial rates and terms. The main objection to self-invest*ment in company schemes is* that the employees' benefits should not be related to the *fortunes of the company.* The SFO's main concern with self-investment in small schemes is *that it will be used to turn a* fuly funded scheme into a partially funded scheme with the *contributions paid by the com*pany being returned as loans.

On other investment aspects of small schemes, the SFO is concerned that they follow more or less the normal pattern of equities, property and fixed interest. Thus *Memorandum* 58 states that only a small portion of the scheme's assets may be held specifically in works of art, stamps, or similar investments. In practice, the SFO now states that only a small part of the fund may be held in non-income producing assets.

The *SFO will not allow* the small scheme fund to be used as a trading operation, even if the scheme member is an expert in that field. For example, it will not let an antique dealer invest widely in antiques even though he can possibly produce a far greater return than he could managing conventional investments.

One main advantage of executive pension schemes is that it is a means of transferring money from the company to its directors through the company pension scheme. *The amount of* contribution paid by the company depends on the actuary's *calculations.*

The Memorandum 58 laid down certain restrictions on the *assumptions the actuary* makes so that it does not result in too large a funding rate. The actuary cannot assume a negative rate of return on the investments.

Correctly used, the small self-adminstered scheme can provide tax efficient financing of the company's business, especially in property development and acquisition. This can be seen from the following example of the sale and leaseback of a property by the pension fund.

NO SCHEME

	£
Annual profits	250,000
less Corporation Tax	130,000
Net Profit	120,000

WITH A SCHEME

	£
Annual profit	250,000
First year contribution	242,000

The scheme buys the property from the company for £240,000 taking up almost all its contributions. Assume a Capital Gains Tax charge to the company of £30,000 so the company receives £210,000 from the pension scheme.

Thus the company in the current year is at least £90,000 better off in its cash position—£210,000 compared with £120,000.

Future rentals on the property paid by the company to the pension scheme are fully allowable for Corporation Tax. Assuming the rent is 10 per cent of the price paid, the pension fund receives £24,000 but it only costs the company £11,520 after Corporation Tax.

Since the trustees of the small scheme are the controlling directors, the control of the *property remains in the same* hands.

The small scheme can also be used to acquire shares in the company from a member of the family who wants to sell out. This can be done providing the sale is on an arms length basis. Once the shares are in the pension scheme they are automatically passed from one generation to another without incurring Capital Transfer Tax liability on each move.

The rest of the assets can be invested in any manner the trustees think fit, either directly into fixed-interest, equities and even property and this includes *residential property if it is on* a commercial basis. Investment can be made also through exempt unit trusts or exempt pooled life company funds available for pension scheme investment.

In theory, the directors as trustees can speculate on the stock market and pursue an active investment policy. In practice, they appear to be *ultra cautious*, as the following details from leading pension consultants Pointon York show. This firm has around 10 per cent of the small scheme market and its analysis of the investment pattern of small *schemes is based on* 263 schemes under management.

The persons using small *schemes do not know the stock* market, but are very familiar with the local property scene. *They tend to be ultra cautious* with their money and while high interest rates prevail are quite happy to put the money into the money market. They also accumulate cash for future property deals.

One may feel that those with small schemes are not using the investment freedom to anything like its full potential. They have stayed with those investments they understand — cash and property—and left the others.

Investment	Amount £'000	% of funds	
Cash	13,443	39.3	
UK equities direct	875	2.5	
UK equities pooled	2,080	6.1	9.7
Overseas equities pooled	400	1.1	
Fixed interest direct	3,517	10.3	
Fixed interest pooled	1,645	4.8	15.1
Property direct	4,688	13.7	
Property pooled	1,462	4.3	23.3
Land direct	1,807	5.3	
Loanbacks	4,202	12.3	
Other	99	0.3	
	34,218	100	

Substantial scope for topping-up benefits

MOST OCCUPATIONAL pension schemes do not test the limits of contributions and benefits which the Inland Revenue will permit for the purposes of tax relief. Moreover, most scheme members will not have anything like the maximum number of years' service, which is often 40 years.

These two factors mean that there is substantial scope for individual employees to top up their contributions and, consequently, their eventual benefits in a highly tax-efficient way. Such extra payments by employees are conventionally given the rather clumsy, if precise, title of Additional Voluntary Contributions (AVCs).

In recent years large numbers of pension schemes have decided to offer their members the AVC facility and the amounts subscribed now run into many millions of pounds a year.

The attraction of such schemes is simple enough. When AVCs are paid the trustees can claim back the income tax paid by the employee at his top marginal rate—which will certainly be 30 per cent and could be 50 per cent or more for highly paid executives. Not only is the initial size of the investment swollen in this way; the investment income is received gross and rolls up on a tax-free basis over the years. The investment is also free of capital gains tax.

On the other hand, of course, there are restrictions. The money has to be invested in a manner arranged by the trustees of the pension fund and cannot be individually managed by the beneficiary. Moreover the ultimate benefits have to be taken in a form laid down by the Inland Revenue.

The details are complex but some key numbers to bear in mind are the 15 per cent of salary which is the limit for the total of normal and additional pension contributions and the two-thirds of final salary which is the maximum for a pension.

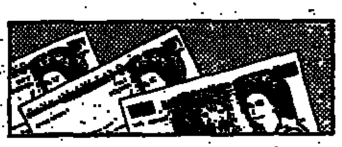
In the latter case the Revenue does allow some flexibility, however, so that part of the retirement fund can be taken as a tax-free cash lump sum which can be as much as 1½ times final salary if service is 20 years or more, with a reduction for fewer years of service.

It is also possible to build in increases in personal pension up to a limit of 3 per cent and there are provisions for a widow's pension too. All this adds up to a retirement package which can offer substantial scope for the effective incorporation of extra benefits arising from AVCs.

Trustees of pension schemes have a number of choices in deciding where AVCs should be invested. One possibility is that the money should simply be swallowed up in the large pool of the pension fund itself. It might prove difficult to attribute a precise rate of return to the individual member's money and the scheme would be taking on extra administrative chores.

In these circumstances trustees have proved receptive to the services offered by various financial institutions which have moved into the AVC field. Thus one life insurance office, Equitable Life, now receives AVCs of around £12m a year.

Several building societies are also active. The Anglia, for instance, began a marketing initiative in 1977 and now has some 300 pension schemes on its books which generate an inflow of over £1.5m a year representing the contributions of 8,000



Additional voluntary contributions

BARRY RILEY

individuals. Unit trusts and banks have also been attracted by the potential of AVCs.

Over any reasonable number of years the rate at which AVCs roll up on a tax-free basis can seem very attractive. Thus Equitable Life has just improved its rate of interim bonus, as from the beginning of 1982, and on this basis it claims that annual premiums of £1,000 over 20 years (21 premiums in all) would have an eventual projected value of just over £80,000.

As for the building societies, the Anglia is currently offering a special AVC rate of 16 per cent though of course building society rates or life company bonus rates can be expected to fluctuate over time. The premium rate paid by building societies compared with the ordinary share rate reflects the relative attraction to them of stable, long-term sources of deposits.

Such specialist financial institutions offer the availability of an independently determined rate of return on investments and they also lure trustees with the offer of advice and help with the administrative aspects.

In investment terms, their appeal may vary. The insurance companies, for example, offer their expertise as long-term investors, giving access to a portfolio which will probably straddle the whole investment spectrum from equities and property to gilt-edged securities.

On the other hand, there tends to be a lot of off-putting mumbo-jumbo with an insurance company plan, the eventual outturn being dependent on various interim and terminal bonuses. This allows the building societies to promote their straightforwardness as a marketing point.

Moreover, although in theory short-term institutions like building societies should not be able to offer comparable long-term returns, in practice they have not done at all badly in the past few years of high interest rates. Then, too, building societies have tried to add a little extra spice by giving preference on mortgages, though at present, with banks so competitive in the mortgage market, this counts for little or nothing.

Normally, however, the individual scheme member will have to accept the decision of the trustees on the particular channel for the AVC cash. He will still have to decide on the particular appeal of AVCs in his own case.

The pros and cons here depend very much upon age. The young employee will be attracted by the potential tax relief but the inflexibility of the AVC scheme must weigh very heavily on him. The younger scheme member cannot be sure of how long he will remain a member of his company's scheme, especially in these days of company closures and redundancies. Nor can he be sure of the size of future calls on his resources.

Younger people are normally burdened with heavy regular commitments for mortgages and the like and they need to hold their savings in an easily realisable form. The Revenue expects employees to continue making AVCs for at least five years, though there could be a concession in true hardship cases. On change of employment the money may well be frozen until the scheduled retirement age.

For older members of schemes, however, AVCs may come into their own. Having shed family commitments such people may have more spare income and may incidentally be liable to a higher tax rate. It is also easier to plan on, say, a 10-year view rather than on the 30-year perspective of a younger person.

AVCs may make particular sense for the older man lacking the full number of years of service in his company pension scheme. He can top up his otherwise inadequate benefits in a tax-efficient way.

Anyway, insurance companies report that AVCs are typically paid by people in their 50s. It is suggested that younger people could be made more aware of the potential benefit of using AVC schemes to provide additional life cover. Within the limits imposed by the Revenue this would allow employees to gain full tax relief on life cover as opposed to the 15 per cent available as a normal concession.

Practitioners within the savings industry see plenty of scope for the expansion of AVC schemes, which are seen as a steady growth area. The attractions are certainly substantial for employees on high tax rates who have a fairly clear idea of how the remainder of their career will develop.

In a few years' time, as an increasing number of individuals paying AVCs reach retirement age, there will no doubt be an increasing demand for expert advice. For the tricky but enviable problem will be to juggle with all the options in order to turn an AVC nest-egg, along with the normal pension entitlement, into the optimum retirement package.

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PENSIONS FOR THE INDIVIDUAL VI

Variety of solutions for an awkward problem

Loanbacks: borrowing from the pension

ERIC SHORT

CONTRIBUTIONS to a pension scheme represent the most tax-efficient means of saving available to individuals and companies. For employees who are members of a company pension scheme, such savings are for the most part involuntary, since membership of the company pension scheme is a condition of service.

For the self-employed the saving is on a voluntary basis as it is for many executives and controlling directors. But the price to pay for tax concessions is that the assets are locked away and cannot be touched until retirement or on death before retirement.

For many self-employed and some companies this is a high price to pay. Since saving is voluntary they do not take out pension contracts.

The Inland Revenue is adamant on this score. Pension assets have favourable tax concessions because they are earmarked solely to provide pensions and other benefits on retirement, or benefits to dependants if death occurs while still working.

This attitude is understandable for employees in company pension schemes, who resent *having contributions deducted* from salary or wages in the first place, especially if they are young and retirement is many years away. Such people would love to treat their pension assets as a piggy bank to be drawn on at will. Such attitudes are frequently seen among young female employees who change jobs solely to get their hands on some cash—the refund of contributions from pension schemes.

But with the self-employed and with companies, the thought of having assets that cannot be touched whatever the need is a factor militating against pension fund provision. The company of self-employed can be on the verge of bankruptcy yet still the pension assets cannot be unlocked. This situation seems illogical to many in that consideration of the pension is meaningless if the company or the individual is going out of business.

But the Revenue is inflexible on this point and will not even consider discretionary withdrawals for companies or individuals in dire financial needs.

So the onus has been on the life companies and the pension consultants to consider ways of overcoming this problem and stimulate new business as well as help existing clients. Their efforts have resulted in a variety of complex schemes known as loanback arrangements.

The first loanback arose in connection with small self-administered schemes for controlling directors and executives. These schemes are described in another article. But the loanback facility enables the parent company to borrow, on commercial terms, up to 50 per cent of the pension fund assets. Company pensions schemes have always been able to grant loans to the parent company unless the trust deed specifically bans this.

But whereas there are no controls over the terms on which a company pension scheme makes loans to the parent—and some companies have abused this facility—the Inland Revenue keeps a close watch over the terms on which small self-administered schemes make loans. The rate of interest has to be a commercial one and the repayment date should not be later than the date of the first retirement in the scheme.

In practice one can justify a rate of interest up to two points below that charged by banks and other financial institutions because of the saving in expenses.

Also in practice the loans are made for periods of less than one year and renewed each time, but this is for administrative reasons. The company can pay interest gross for loans of less than one year, whereas for loans of one year of more the company has to pay net interest and the pension scheme has to reclaim that deduction.

These loans have to be granted for bona fide business purposes and properly used can provide cheaper finance than bank loans or overdrafts, without inpinging on the security of the pension.

Life companies, seeing their executive pension business threatened by the do-it-yourself schemes have introduced the company loanback facility for their executive arrangements. With linked schemes, the loan becomes part of the assets backing the pension, as it does with a small self-administered scheme. But with conventional with-profit executive schemes the loan forms part of the overall assets held by the life company.

Such a solution is not possible with self-employed pensions since the pension contract has to be *non-assignable* and non-commutable to obtain approval. It cannot be used as security for a loan.

Then just over a year ago Vanbrugh Life, the linked life company in the Prudential Group, found a way round this.

It devised a scheme where it would make loans to the self-employed on a basis relating to the pension policy. But it had to be backed by some other form of asset such as the self-employed's house, business property, or a portfolio of shares. However, the terms of the loan were extremely relaxed.

There was no obligation for the self-employed to pay interest. This could be rolled up until the loan was repayed. Repayment need not take place until the self-employed actually came to draw his pension. In theory the cash commutation would be used to repay the loan and any accumulated interest though the life company has no lien on this sum.

Some life companies base the amount of loan on the accumulated value of the pension contract. Others base it on a multiple of the annual premium. Under the latter feature the self-employed can take out a contract and then borrow 15 times the premium.

In addition, life companies do not seek to check on the covenant of the borrower or the purpose of the loan. In fact the lack of any control over the *granting of the loan, which* would appear to be an automatic right, could make a self-respecting banker wince.

This loanback facility proved to be the greatest marketing aid ever seen to selling self-employed pensions. Intermediaries will not consider a contract unless it contains a loanback facility.

To the rational observer, this enthusiasm may seem strange. The self-employed could always take his house and get a loan on it from a bank or from a finance house. But either the intermediaries have somehow convinced the self-employed that they are unlocking their pension assets, or the self-employed want an easy source of finance that will not be withdrawn in times of financial stringency. In effect they are no longer dependent on their bank manager.

Dangers

But there are dangers for the self-employed in making a free use of loanbacks. To start with, in many contracts the loan becomes an asset backing the contract and the growth in the fund is held back compared with equities and property.

But more importantly the temptation is to let the loan interest roll up and repay at the time of retirement out of the cash commutation. Consider the following example provided by Crown Life.

The self-employed, aged 40, has taken out a pension policy for an initial premium of £2,000, which he increases by 10 per cent each year. He immediately borrows £2,000 under the loan back facility to pay school fees, again assumed to rise by 10 per cent each year. He allows loan interest of 14.35 per cent to roll up gross. So he borrows £2,000 in the first year, rising to £2,928 in the fifth year—a monetary total of £12,210. By the time he reaches 60 the accumulated loan has risen to £135,796. Assuming the linked funds grow at 13.5 per cent his cash commutation amounts to £135,573, just failing to meet the loan. His whole cash sum has gone in respect of loans taken 15 to 20 years before.

Hambro Life does not allow interest to be rolled up and insists on prompt payment. Both companies, and many others, are reporting a steady stream of *policyholders taking loans. The* prime purpose of the loan is for private rather than business purposes.

It is difficult to separate the self-employed business and personal accounts. A sample from Crown Life showed such widespread uses for loans; as far as they could ascertain, as *paying school fees, buying houses,* particularly second homes, to buying a yacht and a car.

The danger for life companies is that in their drive for business they will relax even further their loan terms—an easy and instantly effective course of action rather than trying to improve their investment record.

With-profit contract is still the favourite

Conventional executive schemes

ERIC SHORT

THE CONVENTIONAL life companies have always operated in the executive pension field, but until recently they have tended to be subordinate to the mainstream company pension business. The old-style "top hat" policy was being sold long before linked life companies appeared on the scene. But this contract aimed at supplementing the benefits provided to executives and senior employees from the main company scheme.

They were a little slow to appreciate the full effects of the change in legislation in 1973, as far as controlling directors were concerned, and were thus late into this field. Nevertheless, they have now concentrated on producing conventional style pension contracts that stand up on their own and move away from the previous idea of topping-up on company pension provision.

The workings of the with-profit system still remain a mystery to many people compared with the apparent openness of unit-linked contracts. To *start with, there are no specific* deductions for charges as with unit-linked. The company actuary builds a charging structure into his premium calculations and any shortfall in expenses is a first charge on the investment profits of life and pension funds. At the end of the day the investor can only see the effect of the charges in *his return on the scheme.*

Secondly, the policy-holder has no immediate measure of the investment performance of the underlying fund, as with unit-linked, where this is reflected in the unit price movements.

The favourite conventional executive pension scheme is still the with-profit contract. *These operate on the cash funding principle.* The company actuary calculates the cash sum accumulated from the premiums paid on a certain rate of interest and this sum is guaranteed whatever the intervening investment conditions. Periodically, usually once a year, the life company, acting on the advice of the actuary, declares a bonus which is added to the guaranteed sum.

A bonus, once declared, is guaranteed and cannot be taken away. But life companies do not guarantee future bonuses, even though no bonus rate has been reduced since the war. In addition, most, but not all, life companies pay a final bonus when the executive retires and *starts drawing his pension.*

The exact mechanics of the bonuses system is still a mystery to the layman. The company actuary makes a valuation of the assets and liabilities of the life and pension funds to determine the amount of profit that can be released. In doing his valuation, he takes certain margins in his calculations.

The actuary then decides exactly how much of this profit can be distributed to policyholders, and shareholders in proprietory companies, and how to share that profit between policyholders. This he does by declaring a bonus rate which is applied to the benefits.

The complications do not stop here, because there are *various bonus systems* and each has a different effect on varying lengths of contracts.

This can best be explained by means of an example. Consider a contract that has a guaranteed cash sum of £10,000 with attaching bonuses of £1,000.

(a) If the company operates a simple bonus rate—rather rare these days—the bonus is calculated on the guaranteed sum only. If the company declares a rate of £8 per cent, the bonus for the year in the above example would be 8 per cent of £10,000, that is £800 and the total bonuses would rise to £1,800. But next year's declaration would also be based on the guaranteed sum of £10,000.

(b) If a company operates a compound system, the usual format these days, the bonus is calculated on the cash sum and attaching bonuses. If the company declares a rate of £6, the bonus for the year in the example would be 6 per cent of £10,000 + £1,000 = £660 and the total bonuses would rise to £1,660. But next year's declaration would be based on the guaranteed sum and attaching bonuses, that is £11,660.

(c) If the company operates a higher bonus on the attaching bonuses compared with that applied to the guaranteed sum—a super bonus system popular with Scottish life companies. If the company declared a rate of £5 per cent on the sum assured and £7 per cent on the attaching bonuses, the bonus for the year is 5 per cent of £10,000 plus 7 per cent of £1,000, i.e. £570. The total bonuses would rise to £1,570.

It might appear from this example that the simple system pays a higher bonus, the compound next and the super-compound the lowest. This would be the position in the early years.

If the guaranteed sum is £10,000 and the attaching bonuses also £10,000 the bonus under (a) would still be £800, while under (b) it would be £1,200 while under (c) it would *be £1,200.*

The bonus system does not generate profits, only the way in which they are shared out.

The other form of conventional executive pension contract is the deposit administration type of scheme. Unlike a with-profits contract this does not project sums to the date of retirement, with no indication of current worth, but accumulates the cash sum at the present time in a manner akin to a deposit account. The bonus system still applies in many cases.

The company gives a guaranteed rate of accumulation to which is added each year a bonus rate.

Severe tax penalty for the do-it-yourself approach

WHEN THE self-employed wish to save for a pension, they have to go through a life company scheme if they want to benefit from the favourable tax concessions. It is no good them trying to build up their own portfolios, using their own stockbrokers or other financial advisers. There are no favourable tax concessions given to this method of building up a nest egg.

So a Do-It-Yourself approach, with one's own investment adviser, gets severely punished by the tax man. First, it means the self-employed have to save out of net income, instead of getting full tax relief on the contributions as with a personal pension plan.

Secondly, the portfolio while being built up will be subject to income tax and investment income surcharge on the dividends and interest and gains on switching will be subject to Capital Gains Tax. This compares with a personal pension where the life company invests in a tax exempt fund.

Finally, when the self-employed retires, there is no tax free lump sum. Any cashing-in of investments will be subject to Capital Gains Tax (CGT). Income from the fund would be taxed as unearned income, whereas with a personal pension plan the pension is treated as earned income.

However, in the past couple of years, certain insurance brokers have devised a means whereby the self-employed can run their own portfolios using their own investment advisers and still benefit fully from the favourable tax concessions.

The insurance brokers design the scheme setting out the benefit structure and the contribution payments, but they have to find a life company that is willing to be a partner to the arrangement and will put its name to the scheme. There is no way round this. The scheme has to be approved by the Superannuation Funds Office of the Inland Revenue and the legislation states that only a personal pension plan with a life company can be approved for eligibility for the tax concessions.

The design of the scheme is that it operates on the unit-linked principle. It is in the name of the life company, and has to be included in its annual valuation, so using the unit-linked system makes each scheme easily identifiable. The investments are held in the name of the life company.

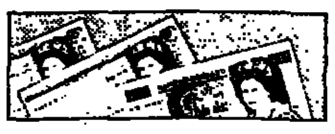
The life company then officially appoints an investment manager to manage the investments of this scheme. In fact the manager appointed is the self-employed's own investment adviser or someone nominated by the insurance broker.

This investment manager would in practice have complete control over the investments and the life company's own investment department would have no involvement whatever. Although, the manager would ostensibly manage the portfolio for the life company, in fact he would be managing it on behalf of the self-employed.

Because the assets are held in the name of the life company, the investments are, however, restricted to those permissible for linked life contracts under the Linked Properties and Indices Regulations 1975. But the prescribed list of investments covers a very wide range of cash, fixed-interest, equity (UK and overseas) and property holdings, both direct and through authorised unit trusts. The main exclusions are unquoted shares and residential property.

Once established the life company has no involvement in the operation of the scheme, even though it still receives its charges from the scheme. It may be involved with some of the administration, such as calculating the unit price, but most likely this would be done by the insurance broker or adviser. The scheme technically forms part of the life company's operations and thus has to be included in its valuation and returns. Otherwise, the work involved for the life company is minimal and its role is that of a sleeping partner.

With such a scheme, the self-employed has his own adviser managing the portfolio either



Solutions for the self-employed

ERIC SHORT

under full discretion or taking into account the wishes and ideas of the self-employed, exactly the same as with his own personal portfolio. The portfolio can invest directly in shares of the self-employed's choice, or his advisers' choice. He can invest as much overseas as he likes or deems prudent. He can switch investments how and when he likes.

A word of caution is needed here. The pension portfolio should not be a duplication of the individual portfolio, because of the tax exempt status of a personal pension fund. Whereas the individual tends to go for capital growth stocks and ignores high income because capital gains are taxed lightly compared with income, high income stocks are attractive to pension funds.

But these self-administered schemes offer a useful vehicle in the financial planning of partnerships. One of the problems with partnerships arises when the senior partner wishes to retire and looks to the junior partners to buy him out. Often this can be a severe financial burden on the junior partners, especially if the property such as the offices owned by the partnership is in the name of the senior partner.

If the senior partner sets up one of these schemes and transfers the property from his own name to the name of the life company running the personal pension scheme, so that it forms part of the assets of that scheme, the transfer problem is solved. The property can remain a permanent asset of the scheme. The partners make their contributions into the scheme and the assets are built up in cash until it is sufficient to buy the property. Since interest is accumulated free of tax, this may not take as long as one would expect.

The charges in setting up a DIY personal pension plan can be quite heavy and would only be justified if there are sufficient partners willing to set up such a scheme. Pointon York, the Leicester-based brokers who were pioneers in this field feel their scale of charges is reasonable compared with what life companies charge for personal pension contracts.

They charge £250 per person for establishing a scheme with a minimum charge of £500 per scheme. Life companies can deduct as much as the whole of the first year's contribution in commission and expenses. The running costs charges by Pointon York are 1 per cent of the contribution and 1 per cent of the fund, plus a fixed charge of £20 per partner. The firm operate through Property Growth Assurance and has negotiated reduced charges from the life company to offset its charges.

To date, very few schemes have been put into operation, although many self-employed, particularly partnerships have shown keen interest. The problem of getting schemes launched is the very practical one that each person involved has his own idea of investment and his own adviser. This is quite natural. A partner nearing retirement is concerned with preserving the value of his share of the portfolio, while the younger partner is prepared to be much more adventurous in the investment opportunities.

The solution is for each partner to have his own scheme once his stake is sufficient to justify going it alone. This development is now taking place with the schemes being set up.

The individual self-employed, with no partners to link up with, may find the scheme run by Richards, Longstaff of interest. Stockbrokers are interested in these self-administered personal pension arrangements not only for themselves as self-employed but also for their self-employed clients.

Richards, Longstaff operates its own scheme called Blackdown, managed by the Bristol stockbrokers Stock Beech, using Trident Life. This scheme has 118 investors including the partners of Stock Beech and its clients and many self-employed who previously had no connection with the stockbrokers. The fund launched 20 months ago now stands at £175,000 and has shown an investment return of 32 per cent over that period.

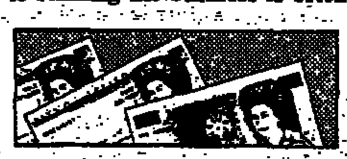
Richards, Longstaff is endeavouring to get the legislation amended so that such schemes do not have to use a life company in order to get approval. It claims that life companies are no longer necessary for the self-employed to provide their pension in a tax efficient manner.

Important questions

THE SELF-EMPLOYED can adopt several approaches in arranging their pension provision, varying from a very straightforward attitude to getting involved in a complex planning arrangement.

One approach is for the self-employed to consider putting a certain sum aside each year out of earnings into an annual premium contract with a life company. This approach involves a minimum of time and effort by the self-employed. The amount of premium would usually be a guesstimate on what the individual can afford based on past earnings. The life company would be the life arm of the insurance company which he uses for his business insurance, or the company recommended by his accountant, if different.

This attitude may seem lighthearted. But a person devoting all his time and effort to running his business is often



Considering the Options

ERIC SHORT

not able or willing to spend the time required to grasp the complexities of self-employed pensions. Life companies are continually exhorting the self-employed to plan ahead for their pension.

But such an approach fails to make the maximum potential of the tax efficiency of self-employed pensions or the investment expertise of certain life companies. Adopting the approach mentioned above, the self-employed is almost certainly putting aside far less than he could afford or is allowed by law.

He could usually do better investing with a different company for his pension than the one he uses for his general insurance. The life operations of composite insurance companies, with one or two exceptions, have not figured prominently in the performance tables.

The financial planning of the self-employed should be centred around pension provision and one method would be to consider it in the following stages:—

- How much can be invested?
- How should it be invested?
- Which type of plans to use?
- Which life companies should be used?

The method of ascertaining eligible earnings for pension purposes is laid down in legislation and the self-employed can invest up to 17½ per cent of these earnings and get full tax concessions. The definition is extremely complex and the self-employed need to consult their accountant to ascertain the contribution they can make out of current earnings. In addition, there are unused amounts from previous years that can be carried forward for a maximum of six years.

The self-employed can invest current year contributions in either annual or single premium contracts or a mixture of both. Single premiums provide flexibility in payment, that is essential for those with variable earnings such as actors or authors. Annual premium contracts impose the discipline of regular savings, without which many self-employed would find other uses for their pension contributions.

Advice is needed on how to split the contributions between annual and single. The amount of annual premium should be fixed so that the self-employed is confident that he can maintain it in the future. Most life companies will allow the self-employed to vary the annual premiums on the contracts without imposing a penalty.

So ideally, the self-employed select an annual premium contract that acts as a foundation and they build on this with a series of single premium plans. The unused reliefs from previous years will, of course, automatically go into single premiums contracts.

In these days of high inflation, the self-employed ought to review their contributions towards their pension at frequent intervals—at least once every three years and ideally every year.

The self-employed's accountant should be responsible for advising on this aspect of pension provision, but in practice the insurance adviser or the life company pension specialist can help the accountant in calculating the maximum amount that can be put aside for pension. These specialists undergo constant training and have acquired the knowledge to guide the self-employed through the labyrinth of the regulations. Most brokers and companies have devised calculation sheets to assist in the exercise.

The next stage is to decide which type of pension contract to take out. Other articles in the survey have described conventional and unit-linked contracts. The adviser should explain the choice to the self-employed and the implications. The insurance adviser or life company specialist is possibly better equipped for this role than the accountant, unless the latter is with a large firm that can employ specialists.

The self-employed must remember that if they consult a life company representative, they will only be told about those plans marketed by that life company. Unit-linked companies only sell unit-linked schemes, but many long-established conventional life companies now have unit-linked operations so they can offer a complete range of self-employed pension plans.

In general, it would be advisable for the self-employed and his accountant to use the services of an independent insurance adviser, preferably a registered insurance broker. Since December, all persons wishing to trade as insurance brokers have to register under the Insurance Brokers (Registration) Act, 1977. This ensures both expertise and complete impartiality from the intermediary.

At this stage, the self-employed needs to decide how much of his outlay is used for life cover before retirement and how much for pension.

Now the choice of pension contract — with-profit, deposit administration, or unit-linked— will depend very much on the temperament of the individual. Many people want to have at least some of their pension guaranteed under a with-profit contract. Others seek the higher returns offered by unit-linked. As time passes, investors are becoming less fearful that linked contracts could go awry.

A decision to use with-profit contracts leads on to making a choice between funding for pension or funding for cash. The latter style offers a high pension when interest rates are high as they are at present but it could be a different story if interest rates come down. The adviser should explain the implications of both types and endeavour to get the self-employed to think more than just maximising the tax-free cash sum.

If the choice is unit-linked, then the self-employed have the further decision of which fund to link the contract. Often, the self-employed leave everything to the life company by going into the managed fund. But this is not making full use of the opportunities offered by unit-linking.

The wide range of funds now enables the self-employed to plan his pension portfolio himself on similar lines to holding a portfolio of stocks and shares. He can hold a variety of contracts in equities, both UK and overseas, property, fixed-interest and cash. Life companies now offer switching facilities between funds for minimal cost.

Financial planners are now beginning to offer a portfolio management service to the self-employed, although they have been rather slow into this field.

Many independent advisers find that their clients prefer to spread their holdings between with-profit or deposit administration, and unit-linked, having part of their pension guaranteed and leaving the rest to the investment performance of the life company.

The final choice of which life companies to use needs the knowledge of the market that only an independent adviser can provide. He can recommend several companies that will provide high consistent returns. He cannot recommend with certainty the company which will produce the top performance in every circumstance.

PROPERTY

Homes in the snow

BY JUNE FIELD

BUT I DO NOT ski, I reminded the developers who invited me to the launch of the latest phase of apartments in a ski-resort in the Alpes Maritimes last weekend.

It did not really matter, as there is a well-marked path for non-skiers. I could sit in the sun or even swim in the open-air pool heated to 80 degrees F, brush up on my French at the language school, and learn how to skid safely in a special car on an ice-track circuit devised by Bernard Darniche, winner of the 1979 Monte Carlo Rally. For sustenance there was lunch at the Cow Club on the slopes, dinner at *La Genisserie*, and for *après*, a high-speed torch-light procession of the instructors, and music at the piano bar, *Le Tube*. Above all—*detendez vous*, French for relax.

This is Isola 2000, its name taken from the altitude (2,000 metres or 6,600 ft), among some 4,000 acres of fine snow, in a high valley roughly between the mountain peaks of Malinvern and Mene, with some 112 km of pistes and 22 ski lifts. One drives 90 minutes or so from Nice Airport through stunning gorges and past dramatic waterfalls, to only four kms from the Italian border. I first wrote about Isola nearly a decade ago, when it was developed by the British Bernard Sunley Group in association with the *Société pour l'Aménegament et La Promotion du Site Isola 2000 (SAPSI), who are now the* new owners.

Originally conceived by Peter Boumphrey, British Olympic skier, designed by Nice architect Henri Berri, with ski runs traced by French Olympics trainer Honoré Bonnet, the resort is celebrating *its 10th anniversary this* season. The new apartments in *Le Hameau Isola*, which are being promoted to the British market as well as the French, are built traditional mountain-chalet style, with extensive use of wood, a contrast to the hard-edge concrete of the original complex of apartments hotels, and shops. You can put your skis on at your front door and go straight onto the slopes.

The latest units, of which there are 60 immediately available, vary in size and price from about £23,000 for a studio (a bit more for one with a balcony and rack for skis), to around £71,000 for a three to four room duplex. All are sold fully furnished and equipped with everything from cooker and refrigerator to china and cutlery. A management company organises letting, in the summer season as well, when you can climb, ride, hike, play tennis and go in for archery.

The joint sole agents are Hampton and Sons in London, and John Taylor of Cannes. Although all prices are quoted in French francs, for convenience, Hampton's price lists have been converted into sterling at the rate of 10.50 FFrs to the pound. Currency loans can be arranged for non-residents through SAPSI's bankers, Barclays, the term generally limited to seven years, the amount depending on the guarantee. For a first mortgage over the property, the bank may agree up to 50 per cent of the purchase price, up to the full amount if there is further acceptable security. The rate of interest and the amount can also depend on what currency the loan is taken in, and advice should be sought on the possibility of exchange risks.

For a currency loan information sheet, illustrated brochure on Isola 2000 and details on a rental holiday for two, the cost of which will be reimbursed for anybody who purchases an apartment during this winter season, contact Mr Robin Widdows, partner in charge of the overseas department at Hampton and Sons, 6 Arlington Street, London, SW1 (01-493 8222). And for those who do not want to cook for themselves, incidentally, there are two bakers with take-away food; you can hire skis, boots, skates and a toboggan when you get there; and, of course, there is a very good ski school for instruction for all the family.

Isola 2000, ski-resort about 51 miles north of Nice in the Alpes Maritimes, where a new phase of apartments in traditional chalet-style are from about £23,000 for a studio, around £71,000 for larger accommodation. Details Robin Widdows, Hampton and Sons, 6 Arlington Street, London, SW1

Living on the Rock

IF YOU WANT TO RETIRE in a warm, sunny climate where English is spoken, pound notes used as currency, and the local grocer is Liptons (and it appears many people do), Gibraltar could be the place to invest in property. This is what is said by Mr Frank Woods, chairman of Fincasol, already active in real estate between Marbella and Sotogrande, down near the Rock.

Since the news early this month that Spain was proposing to re-open the frontier on April 20, Fincasol, in association with a firm called Interland, has opened an office at 98 Lime Wall Road, which runs parallel with Gibraltar's long road of duty-free shops called Main Street.

The expansion has a dual purpose, because not only will it enable the company to market Gibraltar real estate, but flying to the island's airport will save some of the rather long dull drive down the busy Cadiz Road from Malaga airport, which is necessary to reach the various Spanish property complexes that Fincasol also represents, such as Puerto de la Duquesa; and their main office is only a short drive from the border town of La Linea.

Mr Woods, with his wife Elizabeth, lives permanently in Spain, in a splendid farmhouse in the hills, and has also spent time in Gibraltar, first as a young soldier, and later as a foreign correspondent. He is confident that there is a very real, if limited, UK market for property on the island, pointing out that "it is both British and Mediterranean," and has already received inquiries for information on businesses as well as for holiday and retirement homes.

I spoke to a Gibraltarian this week, too, who made the point that their life-style had changed considerably since the border closed, and that they felt that they were far less insular now. "Many women who had not previously worked took on jobs that Spanish women used to do, and the men, too, had to take on other work, so bringing about a two-job society. And when we realised that we could not just drive over to Spain for our holidays, we went to Europe and America, which also opened our eyes to a different way of life."

Property on offer in Gibraltar is mainly resales, although there are one or two new developments such as the attractive La Terrace at Catalan Bay, where studios from £23,000 and two-bedroom apartments from £44,000 are available overlooking this delightful bay. Also for sale are five new houses with small gardens in the select Gardeners Road, with superb views of the bay and the Straits, £90,000 each.

Bars and restaurants are mainly leasehold, and prices are usually in excess of £50,000 for the smallest property, but Mr Woods considers that the potential is attractive and well worth investigation. The full portfolio will be launched at The Homes Overseas Exhibition at the Waldorf Hotel, London, WC2, on *Thursday 4 February* to *Saturday 6 February*. Further information from Mrs Jennie Pinder, managing director UK Fincasol, 4 Bridge Street, Salisbury, Wiltshire (0722 26444). The company are members of ABOPA (Association of British Overseas Property Agents), and can supply details on buying procedures.

The latest phase of apartments by the beach is now ready at the new marina Puerto de la Duquesa, less than 30 kms from Gibraltar, where the Spanish border is due to open on April 20. Prices are from £24,370 for a studio, to about £71,640 for a 3 bedroom duplex with balcony, patio and garden. Jennie Pinder and Frank Woods, Fincasol, 4 Bridge Street, Salisbury, Wiltshire, is one of several agents UK

هكذا من الأصل

SPORT

The iron man of Prague

Lendl in his final against Gerulaitis

SHE SAT there proudly, dabbing away the tears and clutching her husband Jiri's hand while the 17,400 fans at Madison Square Gardens rose to applaud her 21-year-old son. For Olga Lendl it was the fulfilment of a dream. Ivan had at last won a major title, the Volvo Masters, to complete a year of achievement unparalleled in the 14 years of open tennis.

Competing in 20 tournaments, in Davis Cup and Nations Cup teams and in lucrative exhibition matches, Ivan Lendl had claimed 10 titles from 15 finals in 1981. This magnificent record, which brought in the last seven tournaments of the year, included a streak of five wins in five successive weeks that clinched the top prize of $300,000 in the Volvo Grand Prix bonus pool—a feat that will surely stand for a long time.

"I was very glad to have my parents here to see me win," said Ivan after coming back from matchpoint down in the third set tie-break to beat the extrovert American Vitas Gerulaitis 6—7, 2—6, 7—6, 6—2, 6—4. "I owe them everything."

For Olga, herself once the second ranked player in Czechoslovakia, all the debts have been repaid. She would watch Ivan as a child toddling round the house in Ostrava clutching a paddle and ball which he would hit against every available wall. She coached him from the age of eight and recognised even then an unusual intensity and dedication. Jiri, now a lawyer in Ostrava, was also a good player and encouraged his son to work hard.

In 1973 while the talent was being meticulously developed in the Czech Federation's training programme, Ivan's hero, Jan Kodes, won the singles at Wimbledon.

"That made a tremendous impression on me," Ivan recalls. "I was 13 at the time and I thought if Jan can do it so can I."

A dogged determination, plus a forehand that was already a formidable weapon, brought Ivan success in the national championships in every age group from 12 to 18.

TENNIS

JOHN BARRETT

The world took note when, in 1978, aged 18, he added the Italian, French and Wimbledon junior titles to the prestigious Orange Bowl Crown he had won the previous December from Yannick Noah of France.

I well remember the Lendl of those days, a tall rangy lad—spare of frame and gaunt of face—whose intensity of purpose and confidence in his own powers was remarkable. Already the serve was powerful and the ground strokes, hit hard and often with topspin, were unerringly accurate.

Watching the young Lendl win his junior titles in Rome and Paris (on both occasions beating the powerful Swede, Per Hjertquist) there was an impression of ruthlessness that stamped him as a natural competitor. When, on unfamiliar grass, he won 6—3, 6—4 against Jeff Turpin, an accomplished American who enjoys grass courts, there was a degree of improvisation and a competence on the volley that suggested a really bright future.

The climb since has been steady, which is not always the case with outstanding juniors. In 1980 he was the only player to beat Bjorn Borg twice, and after a punishing schedule of 142 singles matches he ended the year ranked six in the world with five tournament wins in six weeks. On a wave of confidence he carried Czechoslovakia to a 4—1 Davis Cup victory over the surprised Italians in Prague. "That was my proudest moment," says Lendl.

The experiences of the last two years—especially the narrow five set loss to Borg in the 1981 French final—have hardened him. The "iron man of Prague" rarely smiles. With his appetite for success whetted and ranked now two in the world, Lendl could easily topple McEnroe from the top spot. He has won their last three tournament meetings—on clay, on cement and now last week on carpet in the Masters semi-final. First, however, he must learn to master Jimmy Connors who has won all eight of their meetings since 1979.

Riches, $846,037 last year, have not affected him. He is happy to turn over a percentage to his Federation in return for freedom of travel—which has helped him to become fluent in six languages.

There is a touch of Borg about this upright young Czech: a man conscious of walking with destiny. In the years to come his mother is surely destined to shed many more tears of joy.

A hero for hackers

GOLF

BEN WRIGHT

THE OPENING of the season in the U.S. has had a deja vu air. Last Sunday Tom Kite, leading money and Vardon Trophy winner in 1981, played five consistently brilliant rounds in perfect weather at the Indian Wells, Bermuda Dunes, La Quinta and Tamarisk Country Clubs in Palm Springs, California, on his re-appearance, and still contrived to snatch defeat from the jaws of victory. Tom Watson, also re-emerging after the holidays, finished no less than 20 strokes behind Kite. The previous week in Tucson, Arizona, burly Craig Stadler, a proven front-runner in his three earlier victories, coasted home in the year's opening event. The rest of the field were realistically playing for second place.

But what should be most encouraging to winter-frustrated hackers throughout America and Europe is that Kite was beaten at the second hole of a sudden death play-off by Ed Fiori. The winner had rounds of 70, 66, 66, 67 and 67 for a 335 total against Kite's 68, 66, 66, 69 and 66, both 25 under par—all four courses have a par of 72.

The wonderful truth is that on casual inspection Fiori is one of us. To be blunt, this jovial, fun-loving 29-year-old, California-born and Texas domiciled, is possibly the least likely looking winner in professional golf, yet he has won two previous events, the 1979 Southern, in which he beat Tom Weiskopf in a play-off, and last year's Western Open, the latter played at Butler National Golf Club in Chicago, by common consent of the players the toughest course on the circuit.

On his own admission Fiori is a rubby little man who weighs nearly 12½ stones despite his height of five feet seven inches. But it is the manner in which he grips the club that is most astounding. Fiori's right hand is so far underneath the shaft that the right thumb is hard against the back of it, and he crouches very low over the ball with a wide stance. This is generally regarded by the purists to be the rogue's badge of an inveterate hooker who will smother his shots horribly under pressure.

I first took a close look at Fiori on a practice tee in 1978 in the company of Ken Venturi, the 1964 U.S. Open champion. Fiori was leading the tournament at halfway, having come out on tour that year with impressive credentials. He had been a member of the University of Houston team that had won the National Collegiate championship the previous year, and had been the leading qualifier at the autumn qualifying school.

Venturi and I were amazed. If asked to guess Fiori's handicap before he swung the club I would put it at no less than 16—and that was being charitable. Later that day I asked Venturi during a broadcast to comment on Fiori's unorthodox grip. With his customary frankness Ken replied that he had never seen a professional with a worse one, and that Fiori had scant chance of winning under the kind of pressure to which he was likely to be subjected. The poor wee man duly fell apart the following day, and to my knowledge has refused to speak to Venturi ever since.

If so it is a pity, because Fiori has certainly enjoyed the last laugh on both of us. But I applaud him for having the courage to persist with a method that has served him so well as an amateur "hustler," when he was supplementing his earnings as a teenage construction worker in California.

The road to golfing oblivion has been jam packed with brilliant players through the ages who for reasons only apparent to them, have doubted their ability to survive in the professional ranks with the same swing that hitherto has served them admirably. I believe that Tom Watson is a current victim of such muddled thinking. In that he is misguided enough to seek to improve a method that allowed him virtually to re-write the record books. Wisely, Jack Nicklaus sought only to improve his short game, even though with it he had managed to win 19 major championships in 20 glorious years.

NEXT WEEK'S SPORT

Skiing:
World Cup jumping (St. Moritz), Jan 27. European Cup, men's downhill (Valoire, France), Jan 27-28. World Alpine championships (Schladming, Austria), Jan 27-Feb 7. European Cup, men's slalom (Tarvisio, Italy), Jan 30-31. World Cup jumping (Engelberg, Switzerland), Jan 31.

Tennis:
U.S. Professional Indoor championships (Philadelphia), Jan 25-31.

Rugby Union:
British Polytechnic/World Cup quarter-finals, Jan 27.

Cricket:
India v England, one-day international (Cuttack), Jan 27. India v England, 6th and final Test (Kanpur), Jan 30-Feb 4.

Snooker:
Benson and Hedges Masters (Wembley Conference Centre), Jan 25-31.

Athletics:
AAA/WAAA Indoor championships (Cosford), Jan 29-30.

SNOW REPORTS

EUROPE

Saas-Fee (Sw.)	80 180 cm	Good skiing everywhere
St Moritz (Sw.)	55 120 cm	Worn patches on lower slopes

European reports from Ski Club of Great Britain representatives.

THE U.S.

Sugarbush (Vt.)	18 40 ins	Packed powder, 74 runs open
Stowe (Vt.)	34 73 ins	Packed powder, 37 runs open
Hunter (NY)	30 60 ins	New snow on machine base
Aspen (Col.)	29 58 ins	Packed powder. All runs open
Squaw Valley (Calif.)	80 138 ins	Most runs open. Powder
Park City (Utah)	50 80 ins	Packed powder

LEISURE

Down to the sea again

IN CASE YOU haven't already noticed, 1982 is Maritime England Year. It all started mere moments into the New Year with a nationwide series of beacons, and a couple of days ago had a regal inauguration in London's St Paul's Cathedral with the Royal Philharmonic Orchestra and the Band of the Royal Marines. But there will be literally thousands of events throughout the year, ranging from the highly polished and imaginative to the more spontaneous and unlikely though, if you're a purist, it may occur to you that some only qualify as "maritime" with a large stretch of the imagination.

The best initial source of information is the recently published English Tourist Board's *Maritime England*: £1.25 from tourist information centres and newsagents or (plus 50p) from the ETB, Hendon Road, Sunderland SR9 9XZ. In addition to being very decorative, it is also very informative about main aspects of our maritime heritage, the individuals, communities and bodies most strongly associated with it (including inland waterways) and a preliminary survey of events. This will be supplemented in March by a free ETB publication covering all events and major attractions for the rest of the year.

Maritime England can be as serious or as jolly as you want to make it. For the many of us who don't often stop to think about such things, the pre-Christmas tragedy at Mousehole in Cornwall was a poignant reminder of how high the price can be for the brave and dedicated who voluntarily man our rescue services. The activities of the Royal National Lifeboat Institution, lifeboat museums and lifeboat stations around the country feature prominently in England's Maritime 1982 calendar. So does the sterling work of Trinity House and its lighthouse service.

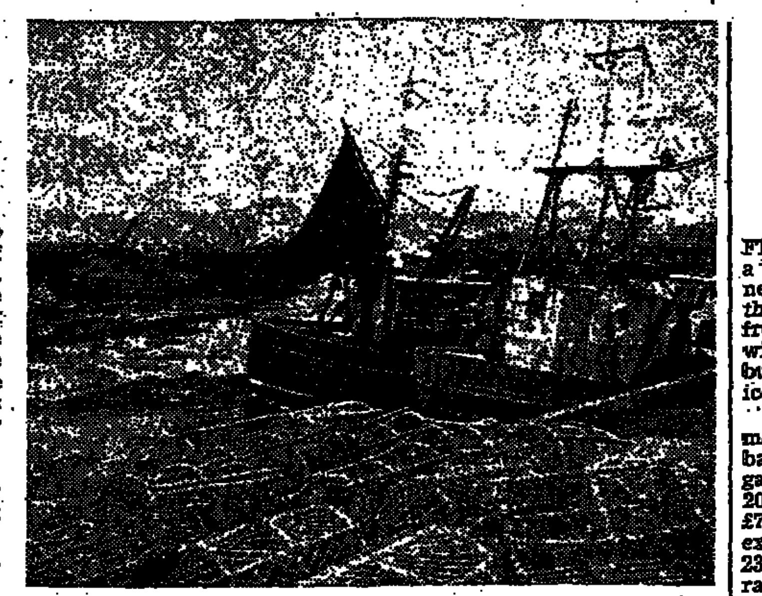
With so much to choose from, you need some kind of criterion for your planning. Indeed, you can pursue the maritime theme in the most unexpected places, but some areas are considerably more appropriate than others. The South-West probably covers as broad a canvas as any. For starters there is Plymouth with its robust naval history and Pilgrim Fathers connections; or Bristol with its Merchant

TRAVEL

SYLVIE NICKELS

Venturers and *SS Great Britain*, the first ever ocean-going screw-propelled iron ship. It's in Bristol, too, that a new National Lifeboat Museum is under construction (partly open to the public). Other relevant displays in the South-West range from the colourful Museum of Smuggling in pretty Polperro to the skilled technology of the Fleet Air Arm and Concorde Museum at Yeovilton.

Over on the other side of the country, East Anglia will be getting some good mileage out of its famous seafaring son, born in rural little Burnham Thorpe. But the University of East Anglia (University Plain, Norwich) are quick to point out that Admiral Lord Nelson was not the region's only notable sailor, and have devoted a fascinating week's programme to Norfolk Seafarers (August 7th-14th) as part of their Norfolk Heritage Study Tours. The Harwich Maritime Museum, Lowestoft Maritime Museum and Cromer Lifeboat Museum will all be reinforcing eastern England's maritime image. And further inland, Nottingham's new Canal Museum and



The quay at Scarborough

the Canal Exhibition at Shardlow, Derbyshire (both housed in old canal warehouses), and the splendid Waterways Museum at Stoke Bruerne (in a former cornmill) all admirably illustrate aspects of our inland waterways, even if the maritime theme may seem a bit tenuous.

There is nothing tenuous, however, about the North East's associations with Captain Cook. A Cook Heritage Trail leaflet leads you to his birthplace, his school and sundry other sites, while the Whitby Museum is a treasure-house of exhibits concerned not only with Cook, but also Arctic explorer Captain Phipps and intrepid whalers like William Scoresby and his pioneer Arctic scientist son. The RNLI Grace Darling Museum in Bamburgh includes the boat in which Grace and her father rescued nine survivors from a wreck off the Farne Islands nearly 150 years ago, among the earliest of uncountable deeds of bravery and sacrifice in the history of this remarkable organisation.

The North West has several appropriate museums and Blackpool is planning to feature moments in maritime history when it switches on its famous illuminations on September 3.

Individual hotels, groups, agencies, town and city councils, have all been sharpening their wits to good purpose on the maritime theme and the following is a random sample from the results. Greenwich Park plans a massive pageant spectacular (July 5-17) with nearly 2,000 local participants helping to illustrate 2,000 years of maritime history. Hull City Council have evolved a *Maritime Hull Trial* with an attractive booklet (20p) as a guide. A series of six "Smugglers Travels" weekends exploring the Dorset coast, based in Bournemouth, is offered by Bournanza Holidays, 4 Westover Road, Bournemouth. Best Western (Interchange House, 26 Kew Road, Richmond, Surrey, TW9 2NA) have a selection of nautical packages in over 30 independent hotels. The Saxon Inn in Blackburn is featuring some painting weekends with tuition from a well-known local marine artist. The Cuckmere Valley in East Sussex, which long thrived on illegal trade with the Continent, is the scene of a Smugglers Festival (details from Drusillas, Alfriston). At Beaulieu there will be a regatta of historic boats. Even Spalding's great Flower Parade in Nottinghamshire on May 8 will contrive a maritime theme.

The new Rover range, including a Vanden Plas

FROM THE outside, there isn't a lot of difference between the new 1982 Rovers and the cars they have replaced; but the front air dam, the bigger back window and the moulded bumpers are only the tip of the iceberg.

Perhaps the most significant move by BL has been bringing back the Rover 2000 after a gap of nine years—the original 2000 became a 2200 in 1973. At £7,450 the Rover 2000 is now exactly the same price as the 2300 used to be until the new range appeared last Wednesday. The new 2300 costs £7,970. All Rover prices have gone up by amounts ranging from £420 (the 2600S, now listed at £10,177) to £798 for the Vanden Plas, which costs £14,787, or £14,480 if you prefer the newly-available five-speed manual version instead of the standard automatic.

It looks as though there will be some overlapping of prices between the Rover 2000 and the most luxurious versions of the Ambassador, the hatchback due to succeed the Princess in a few weeks' time.

Will Rover, who have priced their cheapest car only a couple of hundred pounds above the basic fleet model Ford Granada L (£7,211) and a long way below the comparable £8,828 Granada GL, gain more in sales than they may lose in prestige? How will the managing director, as he drives (or is driven) away in his Rover Vanden Plas, feel as he sees one of his reps stepping into an all but identical Rover 2000? It is quite a bold marketing decision by Rover; only time will tell if it pays off.

The fascia layout has been changed in the 1982 Rovers. The instrument binnacle, which was like a shoebox stuck on the parcel shelf, is now longer, like a bootbox. It looks less of an excrescence and the dials are bold and easily read. In the priciest 3500 and Vanden Plas models, there is a fair amount of traditional Rover wood veneer, and very nice it looks, too.

Lowering the bottom edge of the rear window and fitting a wash-wipe system as standard will make reversing up an unfamiliar drive at night much easier. Head and legroom is said to have been improved for the front seat occupants, but the

Rover's flagship, the Vanden Plas V8. Externally, the air dam, moulded bumpers and deeper rear window are new. Inside, it is a traditional Rover, with lots of wood veneer

increase is marginal. The new Rovers I rode in and drove a week or so ago felt much less spacious than most of their rivals; it is an inherent drawback.

But the Rover—and especially the ultra long legged V8 engined 3500—is a marvellous motorway cruiser. The gearing is so high that in fifth, 1,000 rpm represents almost 30 mph. At the French autoroute limit of 81 mph the big V8 is hardly

MOTORING

STUART MARSHALL

awake at 2,700 rpm and at 110 mph, which is an ideal autobahn cruising rate, the engine is still relaxed at a shade over 3,700 rpm. At this sort of speed there is a fair amount of wind roar (from the large exterior mirrors, I thought) and some tyre rumble, but the engine and transmission are almost silent.

Changing from a £12,546 3500SE to a £7,450 Rover 2000 was far less of an anti-climax than I had expected. Although the 2000 is lower geared than the V8 at 22.25 mph per 1,000 rpm in fifth, it is not in the least fussy at motorway speeds and has a 104 mph maximum. In town, it pulls well enough in fourth though without the silken flexibility of the Rover sixes or V8s. By 2-litre standards, its 0-60 mph time of 12.5 seconds is unexciting. But it is a large bodied car with enormous luggage space and the five-speed gearshift is quick, light and pleasing.

High gearing and carburetter modifications to the "O" Series engine the Rover 2000 shares with the BL Princess pay off in modest fuel consumption. The Rover's urban cycle, constant 56 mph and 75 mph figures are 23.9, 43.6 and 32.8 mpg respectively. BL say a typical average consumption would be 34.1 mpg. Clearly, much would depend on the number of cold starts and the amount of town driving. I expect to test the figure for myself before long.

Unquestionably, BL are on firm ground when they claim the lowest servicing costs for any competitive vehicle over 50,000 miles. Service intervals for all the new Rovers have been extended to 12,000 miles. BL say that routine servicing over this period would cost £236 for a Rover 2000 against £334 for a Mercedes 200, £511 for a Volvo 244DL.

Servicing and fuel consumption are important elements of a car's running costs but the crucial figure, for the private owner at any rate, is the resale value. In the recent past Rovers have suffered higher depreciation than some—though certainly not all—their rivals. The 1982 models are far better equipped and built to a higher quality standard than those of, say, 18 months ago and BL swear that their new paint process is vastly superior. The rust bubbles that plagued some owners of earlier Rovers should not appear on the class of '82.

The concept of the Rover SD-1 was good enough for it to be chosen as Car of the Year 1977. Will it now achieve the sales success that has eluded it so far? One hopes so; and BL Cars deserve an Alpha-plus for effort in making the new Rovers look like proper Rovers inside.

After the blizzard damage

SNOW HAS ALREADY done a great deal of damage to plants and, if more falls, no doubt the injury will increase. Some immediate steps can be taken to make that less likely but the main salvage work that will eventually be necessary had better be left until all further danger appears to be over.

Naturally it is the evergreens that have suffered most not only because they offer so much more surface for snow to collect on but also because so many of them come from warmer climates than ours and so are always a little at risk when winters are exceptionally severe. Yet this time some of the snow fell in such large, moist flakes that it collected excessively even on the branches of deciduous trees and shrubs.

I cannot recollect ever having seen the apple trees in my orchard so heavily laden and during one sunny weekend they were marvellously beautiful, packed with snow and with glittering icicles hanging from the branches. This was in mid-December when the snow collected most heavily in my district and even birch and ash saplings were tumbling down almost as fast as we could cut them out to keep the road clear. Since then the snow has been *drier and* more powdery and has not done so much obvious damage.

Work that can be done immediately is to cut off as cleanly as possible all branches that are damaged beyond hope of repair and to tie in those that have simply been weighed down but not actually broken. Many of the cypresses and junipers, especially those of narrowly erect habit, have suffered badly in this way. Some specimens have been split right open and others left terribly bedraggled. It is in such weather as this that one appreciates *varieties* such as the Lawson cypress named *Columnaris which get their* slender habit by having very short, stiff side branches and by not holding thinner branches upright as does the variety named

Erecta. *Columnaris* can support a great weight of snow without being much distorted; *Erecta* actually collects snow in its upward pointing branches and this soon spreads them out even if it does not break them off. This is when a few ties of strong twine or plastic covered wire passed right round the branches to draw them together can do a lot of good.

It is not a method that is practicable with smaller, more densely branched shrubs such as the juniper named Skyrocket which at the moment—instead of making neat, closely packed spires—are shockingly tousled. Green plastic covered netting could be wrapped like a corset around these and in time would be hidden by new growth. But

GARDENING

ARTHUR HELLYER

I shall content myself by trimming them carefully in April or May.

A great many evergreen trees and shrubs can be pruned *safely* in late spring though it may entail some loss of display if they are flowering kinds. The two most important considerations when doing this cleaning up is to preserve the balance of each tree or shrub as much as possible and always to cut back either to the main trunk or to another branch, preferably one growing in much the same direction. That may prove difficult this year since so much of the snow came drifting from the north-east.

Some shrubs were actually *pushed over* by the snow without suffering much branch injury. The sooner these can be righted the better, but because many roots are likely to have been broken by the fall, they will certainly need staking *for a few months*, possibly with the even more secure support of three or four guy ropes equally

spaced all round. But if you do use guy ropes do not make the mistake I did with a fine golden *Cupressus macrocarpa* a couple of years ago, forgetting about it for too long and so allowing *the ropes to cut into the bark*. I have just lost the top of that tree through my neglect when the snow collected on it and snapped it off at this weak point. No doubt it will grow a new leader fairly quickly, for this is a fast growing tree, but for the moment its shape is spoiled.

It is not only broken branches that are now causing concern. Many evergreen leaves are looking very weather beaten, bronzed, blackened or even completely withered. Do not despair about this too soon.

It is astonishing how plants can recover even from damage which superficially seems extreme. *Wait until spring* and then, with a penknife, make small incisions in the bark starting towards the end of a stem. Lift a slip of bark and see if there is green tissue beneath. If not, repeat the process a little nearer the main branch or trunk and, if necessary, continue this under-bark examination right down to soil level. If there is any sign of green tissue, indicating life, wait a little longer and see if any new growth appears. If it does, cut right back to it so getting rid of what is probably *dead beyond* hope and *concentrating* the rising sap where it can do most good.

Herbaceous plants are a totally different matter. Most of them die down naturally each winter and grow again from crown or roots in the spring. Even those that remain evergreen usually have this ability to grow from the base even when all leaves and stems aboveground are dead. In some cases the snow may actually have helped by insulating the roots and protecting the plants from wind: Every alpine plant enthusiast knows that it is our customary on-and-off winters, freezing one day and pouring the next that are most fatal to many mountain plants accustomed to spending the winter comfortably dormant beneath a deep blanket of snow.

There are, of course, those *awkward* plants that are neither quite herbaceous nor yet fully shrubby. The New Zealand flax or phormium is one of these and at the moment plants of the bronze leaved and cream variegated varieties in my garden are *looking decidedly sick*. Snow has only protected the base of these plants and their long, sword shaped leaves have caught the full blast of freezing winds. I think they will survive though it may be midsummer *before they look* themselves again. However I would not expect them to take much more of the kind of battering they have had since early December.

Cloches can save a good many small plants not because they make much difference to the temperature but because they keep off wind and rain. I have protected some agapanthus plants, abutilons and fuchsias in this way, and in an unheated greenhouse I have a number of rather tender plants which are on trial and also some spare plants for which there was no *room in my heated house*. I have been pleasantly surprised how few succumbed even though the thermometer has dropped to 24 degrees F. on several occasions and has been hovering around freezing point *for weeks*. Even *common* geraniums are not yet wholly dead and echeverias look quite happy. Nerines are actually growing, though very slowly, and verbenas are still hanging on. Some double flowered *lobelias that I had overlooked* were nearly killed but now that they have been moved to the heated house they appear to be recovering. One of the fascinations of gardening is that there is always something new to be learned.

One thing is certain. Those plants that do pull through will have earned a little extra feeding and cossetting this spring and summer.

RACING

DOMINIC WIGAN

ALTHOUGH the weights for the Sun-sponsored Grand *National* will not be released until Wednesday, both Ladbrokes, the managers of Aintree, and the William Hill Organisation have felt able to offer prices on the race following the release of the entries.

Each firm agrees that last year's remarkable winner, *Aldaniti*, *should* be favourite. Ladbrokes offer the 12-year-old at 14-1 while Hills go 16-1. They may well be right in quoting him at these odds; but with 80 others entered, the lack of weights, and a small question mark still *hanging* over Aldaniti on the question of him remaining sound no one should *consider supporting the* favourite for the time being.

The few entries which, in my *opinion, could* appeal to the selective backer at this point are those likely, for one reason or another, to get into the handicap on a favourable mark and who are either available at longer odds now than might be expected by the end of next week, or ones expected to provide "hedging value" over the coming two months.

Two who may well fall into *that category* are Bueche Giorod and Uncle Bing — currently available at 25-1 and 40-1 respectively. The first named, Michael Dickinson's *only* intended runner (this despite the fact that Ladbrokes are quoting *his* Cavity Hunter at shorter odds) improved out of all recognition last season under the care of Jenny Pitman. There is little reason to doubt that he can continue to improve. Bueche Giorod was the winner of the *Massey-Ferguson*, where his bold jumping at the head of the field had many of his rivals in trouble some way out. He has never attempted a trip beyond three miles.

However, Dickinson clearly believes that a deficiency in stamina is unlikely to be a problem for the son of Blue Cliff, a sire who took up stud duties in 1960 at a fee of £20 nine shillings and one responsible for only one other winner under national hunt rules.

Uncle Bing has, like Aldaniti, had his training problems, but he, too, is now considered to be over a nagging case of leg trouble. If this proves to be the case the ultra-game Lambourn *stayer who put up an exhilarating* display of jumping in landing the Topham two seasons back could be the blot on a handicap, for which it will have been difficult to assess him. For John Francome, too, Uncle *Bing's participation could prove* something of a quandary.

It was in 1980 that Rough and Tumble took second place behind Ben Nevis after chasing home Rubstic and Zongalero in the previous year. Francome, the rider on both occasions, has otherwise never won or been placed in the great race.

Turning to this afternoon's sport Rough and Tumble's handler Fred Winter, should be setting out for the first tee with Josh Gifford in Antigua at about the same time that Venture to Cognac returns to the fray under a very different sky at Kempton.

Venture to Cognac *has* already proved his liking for Kempton, but it is hard to see him returning after an absence of 13 months brought about through a back problem to upturn the Gold Cup winner, Little *Owl in the Fulwell. Incidentally*, there is good *news* of another outstanding Winter chaser, Midnight Court. The 1978 Cheltenham winner, rated on his day a better chaser than either Venture to Cognac or Little *Owl by the Uplands* trainer, is back in fine spirit in his preparation for another Cheltenham sortie after a lengthy spell in the hunting field. The Winters seem to hope that the gelding's lengthy stay in Leicestershire has revived his enthusiasm for steeplechasing.

KEMPTON
2.00—Little Owl
2.30—Lady Martha ***
3.30—Rathconrath
4.00—Cheka **

HAYDOCK
1.30—Gaye Chance
2.00—Sunset Christo

WARWICK
2.45—Loving Words *

BOOKS

Kaiser's Mum

BY GEORGE MALCOLM THOMSON

The Other Victoria: The Princess Royal and the Great Game of Europe
by Andrew Sinclair. Weidenfeld and Nicolson. £10.00. 262 pages

I have never thought the same way about Queen Victoria since I learnt that she used to pour whisky into her glass of claret. Was this due to the malign influence of John Brown? Or was it an example of the general Scotophilia which led to the building of Balmoral Castle and, among other unfortunate consequences, to the partiality for Highland costume among distinguished guests at the Castle? (There is a sad example of this among the illustrations to Mr Sinclair's book—Crown Prince Frederick of Prussia and the Kaiser, as a child, both wearing the kilt.)

Whatever the explanation, the habit was undoubtedly a defect in a remarkable person, a pioneer of Womens' Lib who not only did a man's job but had nine children as well. "What a woman," exclaimed Bismarck. "One could do business with her."

This was very likely true, for the Queen, wilful and strong-minded as she was, had over the years, developed a vein of realism. She knew that sometimes she would have to give way, infuriating as it might be. The trouble was that her beloved daughter, the other Victoria, obstinate and opinionated as she, did not have the same ability to trim her sails to the wind.

Vicky, it may be agreed, had the harder task of the two, as wife of the heir to the Prussian throne, transplanted to Berlin, to the heart of the military caste—spiked helmets, jackboots and a Palace without a bathroom. Naturally, she thought that the Prussians would be better off with a British system of government, with a liberal constitution, a Parliament and so forth. The pity was that she made her views apparent and that "the Englishwoman" was credibly believed to despise everything German. This, to say the least, was tactless.

It was not a time to risk giving offence to German *amour-propre*. The nation was in a surge of confidence, disposing of Denmark and Austria, and very soon to smash France in a lightning war. The German Empire was about to be born—which made the situation still more sensitive. For the Crown Princess and her husband openly espoused the "Coburg plan" for a united liberal Germany, and Bismarck, the junkers, and the officers, wanted a German Empire in which Prussia would be dominant. So that the Princess was caught up in a bitter political struggle in which her main antagonist was the most brilliant statesman in Europe.

Queen Victoria might have done more to restrain her daughter. But the Queen—to the alarm of successive Foreign Secretaries—was conducting a foreign policy of her own. She was in correspondence with members of her far-flung family all over Europe, exchanging confidential information with them and giving them advice. For her "the Great Game of Europe" was very much a family game—Unhappy Families. Her daughter, the Prussian Crown Princess, was one of the most enthusiastic players of the game.

It was no wonder that German officials looked with intense suspicion on this web of parallel diplomacy.

Andrew Sinclair describes clearly and graphically the complex problems which the young English Princess encountered when she first went to Berlin—how she found it hard to understand that her husband was torn between desire to see Prussia great and dislike of Bismarck's suppression of liberties. She tried to make allowance for him: "He is not born a true Englishman and all Prussians have *not* the love of Constitutional liberty they ought to have."

When the Prussians seized Schleswig-Holstein from the Danish King, the situation grew more complex than ever, for the Prince of Wales was married to a Danish Princess. "Oh, if Bertie's wife were only a good German and not a Dane," wailed the Queen, who took the German side in the dispute. It was bad enough that the peace of Europe was being disturbed. To have the harmony of the family broken as well was too much!

Both Victorias were in trouble. The Queen was attacked in the House of Lords for her German sympathies; in Berlin, her daughter was believed to pass state secrets to Lord Palmerston. But the Queen's opinions were changing. "Odious people the Prussians are, that I must say," she wrote. It was hard work being head of an international family in an age of mounting nationalism.

Scandal about the Crown Princess's favourite brother—and there was no shortage of it—was snapped up eagerly by Bismarck's jackals: "There is not a horror that is not told of Bertie."

Meanwhile, little Prince Wilhelm (later the Kaiser) was *not* growing up as his mother would have wished—"like Fritz, like Papa and as unlike the rest of the Prussian royal family as possible." Quite the contrary.

Not surprisingly, Wilhelm came to dislike his mother and her foreign ways. Queen Victoria did what she could with him, for instance by giving him the Garter; soon the boy was saying he would like to live always with "Grandmama of England." His mother was not so sure of that, although she could not foresee that one day Wilhelm, after his father's tragic early death, would surround the Palace with hussars and ransack her dead husband's desk for papers. On the other hand, it was Wilhelm who dismissed her bête-noir, Bismarck.

This then is the story of a clever woman and a frustrated life. It is possible, as a reader of Mr Sinclair's admirably balanced and lively book may feel, that with a little more patience and a lot more tact, Queen Victoria's eldest daughter might have had a career as successful as her mother's. But who can tell? The climate in Berlin was not favourable to masterful ladies, especially those tainted with liberalism.

In one respect, she was probably unique. She was the only royal personage who read Marx's *Das Kapital* from beginning to end. The book comforted her. The Socialists might not be so dangerous after all.

Queen Victoria's daughter: a new life of her is reviewed today

On the rails

BY PHILIP BASSETT

The Railwaymen: The History of the National Union of Railwaymen, Volume 2: The Beeching Era and After
by Philip S. Bagwell. Allen and Unwin, £15.00. 459 pages

Trade unions' official histories tend to be by nature off-putting: the mixture of a partisan perspective and grindingly specific details about long-since forgotten negotiations deters all but the most dedicated.

Yet union histories are key source-books about important institutions which are often widely ill-reported. Unions tend to be written about either sycophantically—left-wing polemics which paint the unions as consistently virtuous—or over-critically—right-wing attacks on unions' alleged misuse of their power.

It is extraordinary, for instance, that for an organisation with the power, influence and diversity of the Transport and General Workers' Union, the only generally recommended work is more than 25 years old. An official history of the union has never been produced. Similarly, the only history of Britain's second-largest union, the Amalgamated Union of Engineering Workers, was published in 1945—though the union is working on a new volume. Only the miners, with a history running to seven volumes so far, and a sizeable number of other accounts of their activities, can claim to be properly documented.

That unions are wary of being studied is clear. In the foreword to a 1952 book on the TGWU, the union's then-general secretary, Arthur Deakin, clearly gritting his teeth, explained that the TGWU had given the author unrestricted access to its records and to its officials, but that the result was not quite what it expected:

"With many of the conclusions he has drawn I am in profound disagreement and he has, I feel, misunderstood what he has seen, or, at any rate, failed to assess its significance."

For a union to leave such permanent records of its own affairs entirely to an author's judgement is too chancy; for a trade union historian, the prospect of one's work being examined, step-by-step, by a meticulously pondering executive committee must be appalling.

Dr Bagwell, in this second part of his history of British Rail's largest union, manages to avoid many of the pitfalls which plague union histories in a volume which, given BR's current crippling dispute, could hardly be more timely.

The union must have had to swallow hard to accept his judgement that the NUR's response to the Beeching cuts in the railway network in 1963 was only "to seek an alleviation of its effects" rather than to see the plan changed or rejected. The campaign was "ineffective and lacking in strong, central direction," and perhaps most critically of all, Dr Bagwell says that "the absence of a decisive leadership sprang, at least in part, from the character of the General Secretary."

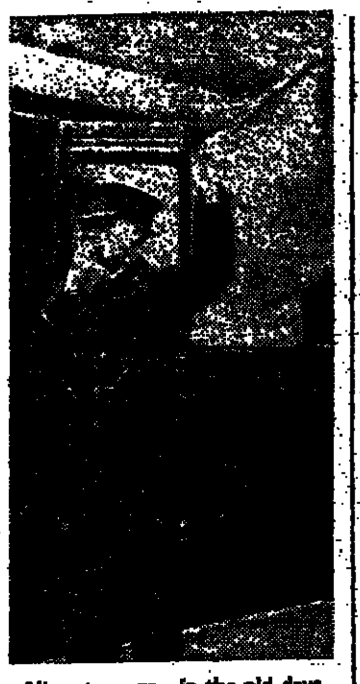
That the NUR can accept such judgements at all is both a mark in its favour and an indication of how much it has changed. Unlike the situation in the days of Beeching, when even a strike failed to change BR's course, the NUR "undoubtedly influenced" the Government's decision in 1978 to reject new BR proposals to close another 700 miles of railway.

Some things have probably changed more than the union would wish. Facing the severe disruption of the current strikes by the train drivers' union Aslef, the NUR will probably ruefully note Dr Bagwell's recording of the fact that within 48 hours of the NUR calling a national strike in 1955, the Government set up a court of inquiry into the dispute.

Dr Bagwell is less than frank about the extremely poor mutual relations between the NUR and Aslef, though his account does not fall prey to the failures of Aslef's own long-outdated official history, which even supporters of the union acknowledged is extremely biased in its reporting of inter-union difficulties.

His detailing of the union's structure is extremely thorough, however, as is his examination of the key pay and efficiency discussions of the late 1960s. His account of the NUR's involvement with the Conservatives' 1971 Industrial Relations Act, when the Government forced on the railway unions a ballot on strike action, and to its shock got a massive vote in favour, could probably not be bettered.

For the railway unions, as Sid Weighell, NUR general secretary, states in his foreword, the recent years have been "the story of a struggle." Commuters cursing the present strikes over pay and jobs might well reflect that, as Dr Bagwell records, the railways' workforce of 605,455 in 1950 plummeted to 182,031 30 years later—and look again at the rail unions' case.



All systems go—in the old days

Time to stop

BY IAN DAVIDSON

Nuclear Illusion and Reality
by Solly Zuckerman. Collins, £7.50 (£4.95 paperback). 154 pages

Beyond the Cold War
by E. P. Thompson. Merlin Press. 60p 36 pages

One of the weaknesses of the recently revived campaign against the nuclear arms race is that too many of the campaigners tend to be hysterical or incoherent; the other is that too many of them tend to be utopian unilateralists. Lord Zuckerman suffers from neither of these defects. Not only is he not a unilateral disarmer, but his *Nuclear Illusion and Reality* is written with a lucidity and an intellectual elegance which make it both compelling and enjoyable to read.

His central thesis is simple. The two superpowers have far more nuclear warheads than is necessary for deterrence—roughly equivalent in destructive power to a million times that of the Hiroshima bomb—and yet they continue to acquire more and better weapons. In their ardent arsenals. They pretend (or at least the U.S. and its Nato allies pretend) that technological refinement might make it possible to use nuclear weapons in a "limited" way. Yet the reality is that any nuclear exchange, whether of battlefield weapons in Europe or of highly accurate strategic missiles, is likely to lead to an all-out nuclear exchange and the destruction of civilisation.

Nuclear weapons cannot be used in a battlefield context, he argues, because their destructive power renders them incompatible with any conceivable military strategy; just as illusory is the belief that strategic missiles could be pin-pointed on purely military targets without causing hundreds of thousands or even millions of civilian deaths.

Why then do the superpowers go on adding to their arsenals? Zuckerman lays the blame on the defence scientists, laboratory engineers and intelligence analysts, who have a vested interest in enhancing their own importance—and he should know, since he was Scientific Adviser to the Defence Ministry for six years. Nuclear warheads are not turned out in response to specific military demands, but once they are turned out, they have to be assigned targets. It is time for the statesmen to assert their authority over the technicians.

One example of this technician-led development is the Chevaline project for modernising the front end of Britain's Polaris missiles. This project was designed to counter the Soviet Anti-Ballistic Missile defence system, but it went on long after the ABM treaty had denuded it of any purpose, at a cost of some £1bn.

Zuckerman's prescriptions are unsensational: an end to all research and development of new nuclear weapons, a comprehensive test-ban treaty, and negotiations to reduce very substantially the nuclear arsenals of both the superpowers. The other side of the coin is that Nato should substantially strengthen its conventional forces in Europe, so as to be in a position to renounce its current doctrine that it would be prepared to initiate the use of tactical nuclear weapons.

One inference which seems to be embedded in his exposition of the doctrine of minimal deterrence, but which he does not fully explicate, is that nuclear weapons have a deterrent value for protecting the homeland of the country which possesses them, but cannot be used to protect other countries. In other words, the American nuclear weapons in Germany are both pointless and dangerous. Yet Lord Zuckerman persists in propagating the British myth that our "independent" deterrent is assigned to Nato; whereas the logic of his argument is that the only function of the Polaris submarines is to protect Britain.

Yet despite this one genuflection to hypocrisy, Zuckerman has written a powerful and important book, which makes a valuable contribution to one of the salient debates of the times.

Mr E. P. Thompson agrees with Lord Zuckerman about the dangers of the present situation, with nuances of difference. They both believe that the East-West confrontation is perpetuated by sectional vested interests in both camps; but Mr Thompson's prescriptions, as expounded in *Beyond The Cold War*, are predictably very different from those of Zuckerman. Not merely does he advocate limited nuclear-free zones in Europe, he also calls for the removal of the hegemony of the two superpowers, by means of peaceful de-stabilisation from below. Fervent, implausible and unashamedly Utopian, this pamphlet will interest all those who want to know what he would have said on BBC television last year if he had been permitted to give the Dimbleby Lecture.

Out of the red

BY GEORGE WATSON

Nightingale Fever
by Ronald Hingley. Weidenfeld and Nicolson. £12.95. 269 pages

Nightingale fever is the disease of poets: it means an inability to stop singing, however dangerous the consequences. The phrase was invented by Mandelstam a few months after the Russian Revolution of 1917, and Ronald Hingley tracks the heaven-born infection through four Russian poets of our century, all of them born around 1890: Osip Mandelstam, Marina Tsvetayeva, Anna Akhmatova and Boris Pasternak, whom most English readers still know only as a novelist. The first two of them died violently in Stalin's terror; the last two, a little surprisingly, of natural causes as recently as the 1960s. The ingenuity of the book, which is by an experienced analyst of Russian history, lies in seeing how it all hangs together: "a study of poets against a background of revolution, not a study of revolution against a background of poets"

They were not Soviet poets, except against their will. All four nightingales were singing by the start of the First World War in 1914. They did not seek Bolshevism, it engulfed them. "A-Soviet," rather than anti-Soviet, as Mr Hingley puts it, at least to start with; they belonged poetically to a European avant-garde like such luckier contemporaries in the West as Pound, Valéry and Eliot. But violent history chose to happen all around them: they did not choose it, as Pound did Mussolini. From the 1920s, as literary radicals, they found themselves the victims of the most conservative of all totalitarian systems.

In his study of this entrapped quartet, Mr Hingley traces a descent into hell along roughly parallel lines; and he obdurately declines to turn his book into four biographies, though their relations were never close enough to encourage anyone to call them a school or coterie. The path leads downhill from a carefree childhood and youth under the Tsars, when they were taught by French and German governesses, then visits to Western Europe (though never to England), followed by world war, two revolutions in a year, and the near-suffocation of the world's first socialist state. It was a tragedy that was national, even multi-national, as much as personal. The two men were Jewish, though only in terms of descent: the two women were—well, women. It was unhelpful to be either, but they would have been crushed in any case. Nightingales are for open woods and summer forests, not for barracks under snow and barbed wire.

It must be confessed that Mr Hingley's largely line-by-line versions of some of their poems, rendered as they are in a mainly literal fashion that he attempts to justify in an appendix on "Translation Policy," are little more than signposts down the way, and leave a Russian-less reader like myself puzzled and unsatisfied about the literary standing of all four of them. The books excels at events rather than at poems. There is a telling incident, for example, where Mandelstam, deprived of sleep by his OGPU gaolers in Lubyanka prison, secretes a razor-blade in the sole of his shoe; another where Stalin phones Pasternak to ask if Mandelstam was indeed a genius—a question parried by Pasternak, who had the presence of mind to realise that the ruler of the Soviet Union believed socialism to require only one genius at a time.

In that famous Moscow telephone-call, Pasternak told Stalin that he would like to drop into the Kremlin for a chat. "What about?" asked the dictator. "Life and death," replied Pasternak, and heard the phone at the other end click dead on him. When he 'phoned back, the Kremlin switchboard declined to put him through. Stalin was too busy. Life and death are what these poems, beyond any doubt, are about, and they emerge swaggeringly, ill-advisedly, out of a world where poetry is all the more important because you can die as well as live for it. Mr Hingley speaks aptly of the Soviet practice of "honouring its bards by exterminating them." In England, where there are no prizes for poetry, a poet is less likely to be noticed, and his highest honour may prove to be neglect. That is not seriously a matter for protest—merely for complaint. A Kensington flat is better than a cell in the Lubyanka and death by disease and starvation in a cold and distant camp.

Nightingale Fever is a revealing study of what, by now, looks like the most successful and enduring imperial power in modern times. It is also a study in petty nastiness. When you look at them as close as this, big powers look very small. Mandelstam dared to call Lenin October's Upstart shortly after he had seized power in October-November 1917, declining to be impressed at an armed putsch by a handful of activists deluded by the turgid preachings of an early 19th-century German. But it was not just the ideas of Lenin and Stalin that were mean. It was their looks, their dress, their conversation. They imposed by terror their second-hand ideas on the literary life of Moscow and Petrograd, and on much besides. It is only at a great distance, and viewed through a utopian haze of wishful idealism, that the little men who created and preserved the Soviet state can be made to look big.

Puffing along

BY BRIAN AGER

The Power of Steam
by Asa Briggs. Michael Joseph, £10.50, 206 pages

Controversy surrounded the introduction of the 18th century "new" technology. It was seen as a threat to jobs and to health. But, as is usually the case, the evangelists of change won through. The age of steam had arrived. Society—which for centuries had depended on muscle, wind and water for energy—was transformed.

Lord Briggs examines the changes brought about by steam, describing its impact on Britain and the rest of the world. As one would expect from this eminent historian the book delves into the full impact on thought, politics, society and culture. Many songs and poems too were inspired by the power and the possibilities of steam.

Experiments with steam gadgets had been carried out in the ancient world. Like so many discoveries it was not the work of one person or of one time. Many people in many ages made discoveries which were finally adapted to practical use when they were needed.

Lord Briggs agrees with Karl Marx that steam did not bring about the industrial revolution. The starting-point of industrialisation was the machine. Their invention made it necessary to develop steam power to drive them.

The book ranges over the many uses of steam. First there were simple pumps for preventing flooding in mines and finally complex turbines to drive ocean liners and generate electricity.

Life was transformed throughout the world by the way steam was adapted to a variety of uses. Industry, agriculture and transport were all revolutionised with the help of the new technology.

Two hundred illustrations, including many historic photographs never published before, are included in this book. Some chapters consist of just pictures and captions. There are some things that pictures can show better than words—such as a complex steam-saw for cutting blocks of ice from the Hudson river or a proposed engine for American street railways with a horse's head to avoid frightening horses.

Now steam is a subject for nostalgia and Lord Briggs has recognised this with a gazetteer highlighting the places in Britain, the U.S. and other countries where working steam engines may be seen.

This is probably the fate of all "new" technology. Opposition, prompted by fear of the unknown; then enthusiastic acceptance; finally obsolescence and nostalgia.

One day someone may write a book in similar terms about nuclear power and computers. For as a Dominican friar pointed out in Pisa in 1306: "Not all the arts have been found. We shall never see an end of finding them."

HOW TO SPEND IT

by Lucia van der Post

All your own work

JANUARY always seems to me a dark kind of month, the month when the indoor pleasures of log fires, good books and music seem infinitely more alluring than bracing battles with snow and slush. January is also a good kind of month for embarking on something constructive, for figuring patiently over pieces of patchwork, for planning for the summer ahead by dressmaking or knitting or whatever other creative activity you enjoy.

For those who think that these activities are only for the very practised, for those whose mothers have patiently passed on ancient skills let me assure them that nowadays manufacturers have bent their efforts increasingly towards making any kind of creative endeavour as easy as the practitioners would like. That is to say, for those who like to do everything the hard way—planning patterns and designs themselves, tracking down fabrics, yarns and so on as well, there is nothing and nobody to stop you.

Many of us however would like a little help along the way—we like the idea of making something ourselves, of achieving a little milestone along the creative path, but we lack the know-how to do it all ourselves. For those who think this way the rest of the page has plenty of suggestions to offer.

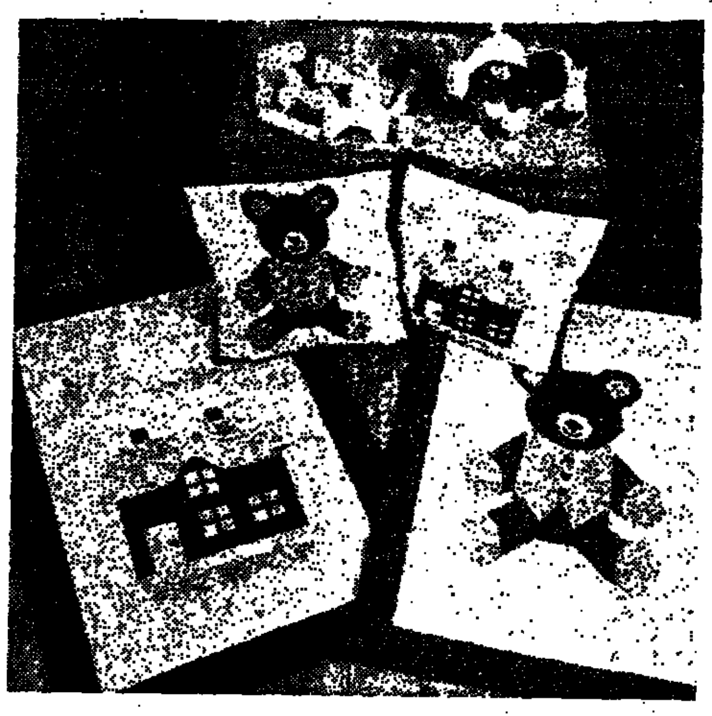
If you'd like to try your hand at making your own toys (possibly for next Christmas?) Louise Elliott specialises in providing kits that are exceedingly easy to follow and to make up. She has a marvellous colour sense—I particularly like her flowery pastel-coloured cats (Thomas and Tabitha) and her Nandi elephant from India, (£2.85 inclusive per kit). Most of them started life as special offers commissioned by magazines and newspapers, all are based on brightly patterned cotton which is ready-printed, ready-to-cut out and sew and stuff. For a full list of all her kits write to Louise Elliott, Bridgers Farmhouse, Hurstpierpoint, Sussex enclosing a stamped addressed envelope. Louise Elliott will also despatch kits.

The Danish House, 16 Sloane Street, London SW1 is currently selling the loosely twisted, soft Persian Zephyr wool (16p per skein) in 320 colours and a budget range of its own tapestry wool in 126 colours at 20p per skein. To make room for these the shop has had to give up stocking the universally available ranges of Coats Anchor tapisserie wool and stranded cotton. All threads can be bought by mail order.

Those who practise a particular craft often have immense difficulty in finding a supplier for the materials they need. Knowing just where to find fine white china for china painting, materials for stained glass lampshades, cats' noses and whiskers and other esoteric items is a specialised business. Now there is a guide to help. Compiled by Evelyn Barrett and Lynnette Fogden, Popular Crafts Guide to Good Craft Suppliers can be bought from many booksellers for £1 but, if in difficulty send £1.25 to Popular Crafts, 13/35 Bridge Street, Hemel Hempstead, HP1 1EE.

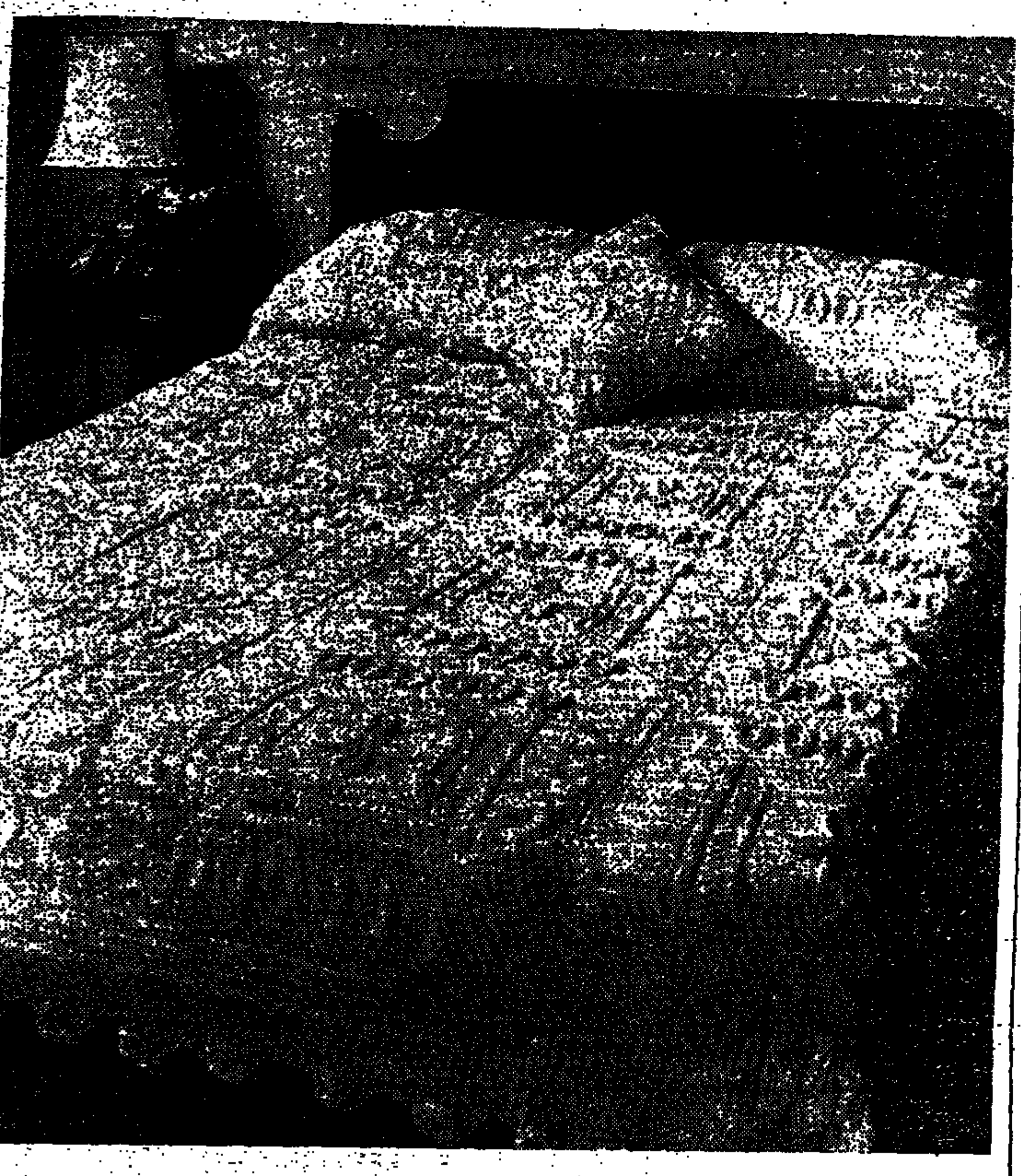
For home dressmakers Butterfly Silks of Union Mills, Skipton, North Yorkshire sells the most beautiful silks by mail order. Among its samples are silks that I haven't seen anywhere else, ranging from finely patterned printed crepe (£12 per metre) through to natural noil (often called raw silk it is £4 a metre). There are plain crepe de chines at £9 a metre, shantung at £12 a metre and satin silk at £10 a metre. Write to Butterfly Silks for samples.

Fine Dress Fabrics of 87 Baker Street, London W1 has a sale for the whole of January so if you're quick you'll still catch some amazingly good prices. There are stocks of lovely Swiss cottons besides printed Swiss wool challis and very fine Swiss wool jersey. All stocks will be reduced but in addition there will be a lot of odd lengths at bargain prices. Swiss cotton voiles (54 ins wide) are £7.50 a yard, printed dress wools, (54 ins wide) are £8.95 a yard.



For those who don't want to embark on anything too ambitious or are perhaps beginners in the field of needlework and sewing, the kits sold by The Quiltery are a good introduction to the subject.

There is a series of patchwork cushion kits which will teach any beginner the essentials of patchwork in a way that isn't too daunting—the end of a patchwork bedspread seems to stretch limitlessly into the future while a cushion seems a much more manageable item. Prices are good—£4.40 for a clamshell patchwork, £4.95 for the cathedral window and £4.40 for Seminole. The Quiltery also sells fishblock, bear's paw, log cabin, grandmother's fan, carpenter's wheels and all the other classic designs. For the nursery there are alphabet patterns for applique work and these two charming cot covers (£6.80) and cushions (£3.90) photographed left. For the complete list of kits send an sae to The Quiltery, Freepost, Tacolneston, Norwich NR16 1BR.

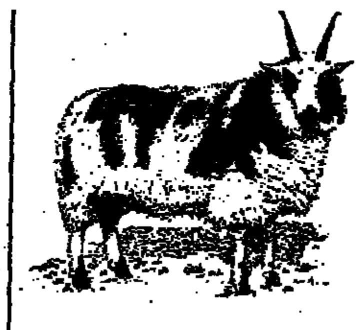


I have featured Annie Cole's wonderful hand-knitted bedspreads before—all are made in fine white or ecru cotton, all are based on traditional bedspread designs. Anybody who bought these bedspreads ready-made will know that they are not, and cannot be, cheap—prices for the 5-ft 6 ins by 8 ft size start at £150, while the 8 ft 6 ins by 8 ft size start at about £250.

Keen knitters can now make their own bedspreads for a fraction of the price. Annie Cole has decided to offer kits containing all instructions and the necessary knitting cotton and needles at £44.80 for the smaller size and £58.50 for the larger one. For the moment she is offering these kits only in the traditional raised leaf pattern but as you can see from the photograph above it is exceptionally beautiful.

The prices of these kits do represent a considerable saving not only on the ready-made versions but also on the cost of the cotton alone. Annie Cole found that the cost of the cotton for a single bedspread if bought in a shop would be somewhere between £60 and £70.

The kits are available direct from Annie Cole at 4 St Simon's Avenue, Putney, London, SW15.



Jacob sheep growl rather than bleat, and are of uncertain temper, writes JUDY WHALE. But they have distinctively marked black, brown and white fleeces which need no dyeing to produce wool in delicate colours shading from cream through misty grey to brown. They're an ancient breed, but were recently in danger of disappearing. The Jacob Sheep Society now protects them, and they've become more popular with breeders all over Britain, with the result that a range of woollens from furnishings and clothes to dolls is becoming more readily available.

The Holywell Textile Mills at Holywell, North Wales (tel. Holywell 712022), which spin Jacob wool, have a showroom next to the mills where you can buy items from bedspreads (£48) and travel rugs (£25), to handbags (from £8.50) and spectacle cases (£1.60). They also sell tweed (from £13.75 a metre, depending on the weight) in imaginative weaves and patterns that can be put to a number of uses, from curtains to evening skirts.

A designer whose clothes arouse instant covetousness is Anna Roose. She will kit you out in Jacob tweed for the most demanding day, from an early morning on the moors to the most elegant late evening occasion. There are sturdy hacking jackets (£106) and classic skirts (£53.50), braid-trimmed suits with a slightly Tyrolean look (£136), fine lacy dresses with swirling skirts (£127) and a cloak to flow over them (£175), lace knickerbockers and striped trousers (both £62.50). You can sprawl on a sheepskin rug (£30), or sleep under a herring-bone weave bedspread (£70 single, £90 double). Miss Roose will also sell you knits; chunky jerseys and jackets (£49), airy evening sweaters (£46 upwards). If you're a needlewoman, you can buy fabric by the metre (from £11) and knitting wool (90p a 50 gram ball).

The London shop, simply called Anna Roose, is at 57 Pimlico Road, SW1 (tel. 01-730 2867), and in Oxted, Surrey (tel. Oxted 7788). If neither of these is within striking distance, don't despair: Anna Roose clothes are sold elsewhere and by mail order. Write to the Oxted address for a list of stockists or a catalogue.

Sheena Macleod also makes garments of Jacob wool—the tiniest ones imaginable. Her speciality is handmade Highland dolls, just 6 inches high: crofters and fisherpeople, dressed as they would have been two generations ago. There's a West Highland woman at her spinning wheel, a Shetland woman knitting and a crofter making his creel, as well as a Skye woman and an Island woman. Mrs Macleod sculpts the figures herself and bases fabrics for the clothes on samples from a Perth draper's costing book dated 1876.

Find them in Harrods gift department in London, and the Scottish Shop in the Lawnmarket and the toy department of Jenners in Princes Street in Edinburgh. But you can also get them direct from Sheena Macleod at 50 Castlelaw Crescent, Abernethy, Perthshire, Tel.: Abernethy (073 885) 573, and Perth (0738) 34956. The crofter costs £17.90, the spinning and knitting women £18.90 and the Skye and Island women £16.90 inclusive of postage and packing in the UK.

For general information about Jacob sheep and the Jacob Society contact the secretary Mrs J. Earll, The Pines, 242 Ringwood Road, St Leonards, Ringwood, Hants.

IT SEEMS to me that you need a great deal of optimism to embark on making your own rug—that or else unimaginable amounts of leisure. If you have plenty of either, then Grethe Sorensen has produced just the book for you. She has had the bright idea of taking the traditional patterns of Persian, Anatolian and Caucasian rugs and rendering them into needlepoint designs.

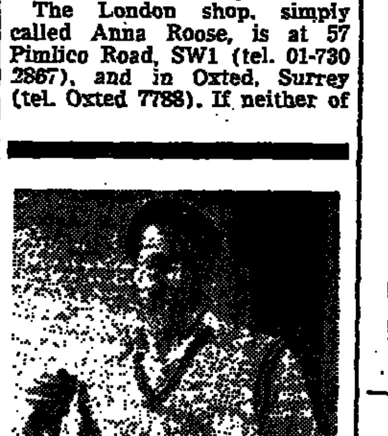
Although the book is called "Needlepoint Designs From Oriental Rugs" the actual designs vary a bit in size, from small projects that are really more like wall hangings or pillows up to small floor rugs. The largest size in the book though is only 32 ins by 42½ ins and most are about 25 ins square.

Though the patterns have all the richness and the intricacy that one associates with the rugs from those regions Grethe Sorensen has devised the needlepoint designs so that only one basic stitch is used. The book itself gives all the necessary instructions from the precise way the basic stitch is formed to the full colour details.

However, for those who buy the book and then wish to make up one of the patterns, Needle Art House has been exceedingly enterprising and saved the potential rug-maker endless hours of tracking down wools and canvas by putting together kits for making each and every rug. Each kit will contain all the necessary yarns (plus 5 per cent for contingencies), the Zweigart canvas of the appropriate size and type (with bound edges), the appropriate needle and Nepo marker to mark the canvas. Prices for the complete kits range from £8.75 for the Gandje 11 designs photographed here (it is 22½ ins sq) to £22.75 for Heriz (31½ ins sq).

The book itself is £8.95 and it can be bought direct from Needle Art House, MP Stonehouse, Albion Mills, Wakefield, West Yorkshire WF2 9SG (Tel. 0924 373456 for credit card sales). Postage and packing is 90p extra.

With the book will come a list giving details of the price of every kit required to make any or all of the designs in the book. Good sewing!



NOSTALGIA, as most of you will already have noticed, is big business these days. Latterday Sebastian Flytes are to be seen everywhere in their bow-ties, Fair Isle pullovers, cream cableknit cricket sweaters and plus fours. For those who want this sort of knitwear, that is designs more authentically of the 1930s than those that are readily available in the shops, there is now a book of genuine 1930s knitting patterns.

All are culled from the women's magazines of the era. This was the time when the magazines began to burgeon and to compete for readership by offering ever more inviting special "makes" and knitting patterns. Jane Waller has collected some of the best of them and though personally I find some of them too dated to contemplate, others have a genuine period charm.

Photographed above is a man's pullover, captioned "Any outdoor man would appreciate a jumper of this style" from Woman's Magazine of July 1936. There are, of course, plenty of designs for women and children as well—some 50 in all. Published by Duckworth, it is £5.95.

Full of beans

BY JULIE HAMILTON

UNTIL a few years ago most of us associated beans and other pulses with stodgy, uninteresting vegetarian food. Nowadays, however, we have got used to the idea that a diet that is too reliant on large portions of *meat is not only* very expensive but ecologically and nutritionally unsound as well. *Though I* love meat I have learned that there are so many ways of using pulses and nuts which, if you are prepared to go to the trouble involved, will provide meals that are well-balanced and *delicious. Though there are no* doubt many delectable vegetarian recipes with pulses, most of my bean dishes are dependent on a proportion of meat to be really successful.

First, a word about dried beans. Providing you can be sure they are this year's crop there is *no need to soak them*. Simmer them very slowly for about two and a half hours and add salt only in the last 10 minutes. You will then have beautifully softened beans, but remember, no salt until the end, that is the secret.

Almost all of the dried pulses are quite delicious when simply boiled, drained and, while still *warm, mixed with* finely chopped raw onion, olive oil and vinegar to taste.

Black-eyed beans are especially good this way. You could also add anything you had to hand—such as cooked ham chopped, chicken, fried and chopped kidneys, chicken livers lightly sauted in butter and brandy and so on; the possibilities are endless.

Solet

Serves 6 or more

There is a wonderful *Hungarian* dish made with borlotti beans (dried speckled beans). The dish is called solet (pronounced sholette) and is often served with goose or pork, and to my mind is quite delicious on its own. It is very easy to prepare but takes a long time to cook.

1 lb borlotti beans; 6 oz pearl barley; ¾ lb piece of smoked streaky bacon; ½ a small onion chopped; 2 cloves garlic chopped; 1 oz lard; 1 tablespoon tomato purée; 1 teaspoon brown sugar; 1 tablespoon sweet paprika; ½ teaspoon ground black pepper; ½ teaspoon ground white pepper; 1 heaped teaspoon salt; 2 hot green chillies; 2 pints clear broth or strong stock; a good pinch of ground coriander, nutmeg and ginger; ½ teaspoon savory.

Wash the beans. Place all the ingredients except the salt in a large heavy saucepan, bring to the boil, let it boil for 20 minutes, then cover with a tight fitting lid and put in a slow oven for four to six hours. Add the salt 10 minutes before serving. *What could be easier?*

Cassoulet

Serves 6 to 8

Cassoulet, now here is a dish that really commands time and trouble, but what a reward in the end. It is ideal for a large *family or even better for a* party. It is not very easy or *practical to make in small* quantities. Recipes for it vary so much that it is a matter of taste which one you choose, and how much trouble you want to go to. Preserved goose is a must in some recipes, leg of *lamb in others. I like to salt a* duck and use that, but again you could use chicken fresh or smoked, or even rabbit. There really are no fixed rules.

1 large duck salted; ¾ lb streaky bacon in one piece; ¾ lb boned shoulder of pork; 12 oz haricot beans; ½ lb coarse continental pork sausages; 1 onion chopped; 4 cloves garlic chopped; 4 tomatoes skinned and chopped; 2 bouquets garni; 1 teaspoon brown sugar; 12 black peppercorns; salt to taste

Three days before you intend *to make the cassoulet, salt the* duck as follows. Rub generous *amounts* of sea salt all over the bird inside and out. Place it in a deep dish and lightly cover it. Keep it in a cold larder or 'fridge and turn the duck every morning and night for three days.

Wash the beans, put them in a large earthenware casserole with the onions, garlic, bouquets garni, sugar, peppercorns, the piece of streaky bacon placed on the top and cover with cold water. Put the lid on. Place in a pre-heated oven at gas mark 6 (400F) for about 20 minutes, then reduce the heat to gas mark 3 (325F). Cook thus for at least two hours, checking from time to time that *the water just covers the bacon.*

Rinse the duck in cold water *and joint it into six or eight* pieces. Cut the pork into cubes. Place both meats in another casserole, add the tomatoes and a small amount of water. Cook on the top of the stove gently for about three-quarters of an hour.

Now add to the beans the sausages and the lightly cooked meats and the juices they have *made. It is best if you can do* this in layers, meat, beans, meat and so on ending with the streaky bacon on the top again. Cook for a further two hours at a slightly reduced temperature, gas mark 2 (300F). Remove the *lid after one hour.* Adjust the seasoning and serve with hot French bread.

The exact length of cooking time will depend on several things: how fresh the dried beans are, the size of the duck *joints, and your casserole*—so be sure to taste and test as you go.

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ARTS

Moral dilemmas

BY B. A. YOUNG

Professor Karl Brunner, the police witness who co-ordinated the evidence against the producers of *Reigen*, alias *La Ronde*, in Berlin in 1922, should have been more careful in his choice of helpers. As we heard in Frank Marcus's edited version of the trial, *The Row over "La Ronde"*, on Radio 3 on Tuesday, the urgent smut-hounds who supported him hadn't been well enough coached in their evidence, and their reports of the straightening of clothes and of blasphemous oaths turned out only to exist in their minds. Most curious of all was the attitude to the ten sexual encounters, represented in Schnitzler's script by lines of dashes, but represented at the Kleine Schauspielhaus by lowering the curtain and playing a tune. This was sexual music, one witness said. It had the "standard rhythm for copulation," said another. It turned out to be a waltz that the composer had written seven years earlier.

Not surprisingly, the prosecution, on charges not unlike that which Michael Bogdanov is to face later this year, lost their case. If we have anything to learn from this unsavoury episode, it is that John Barton of the RSC should have a new musical score prepared for his production at the Aldwych, for the rhythm of his theme tune is the same as that of Robert Forster - Larrinaga's sinister music in 1922.

Professor Brunners' ambiguous attitude to right and wrong, whether, that is, you can justify telling lies in the witness box if it's going to convict the accused of immorality, was illustrated later in the week by Friday's Afternoon Theatre on Radio 4, *Daddy Good* by Alison Saddler. Without going deeply into the complexities of a rather complex script full of time-shifts, the story was this: Frank Goodman, nicknamed Daddy Good, ran a home for poor children which he financed by a little innocent swindling. Tom, an elderly man who had been happy at this home when he was a boy, has been up to the same kind of thing himself, as we discover in the last moments of the play. Note Frank Goodman's name. Note that he wasn't arrested, but taken to a home of a different sort. It sounded to me as if we were to believe that good intentions justify bad behaviour. Me, I'm not so sure.

If the Russells, who opened Radio 4's new series *Great Families of Britain* on Sunday, ever did anything worse than drain the Bedfordshire Fens or get suspected — fatally — of complicity in the Rye House Plot, we were not told of it in Alison Plowden's programme. *There would hardly have been* time for it; it covered the family from 1394 to the present day. Russells have been Dukes of Bedford since 1694 and Earls of Bedford since 1550. The Marquis of Tavistock (who courteously said Woe-burn sometimes and Woo-burn at other times) was born in the Ritz.

One good thing the Russells did was to choose the right architects to build their houses. The fifth Earl owned Covent Garden and Inigo Jones's church of St. Paul's was one of his commissions. (Now I come to think of it, the fifth Earl had a bad patch, too — he changed sides twice during the Civil War. At least he ended on the right side and was made a duke.) But Bloomsbury is the real Russell country. All those fine Georgian squares were laid out by them. They must writhe a little in their graves now and then as "development" proceeds.

I hoped I should enjoy Sunday's programme on Lutyens more than I did, though its title, *Edwin Lutyens, Architect and Arch-tease*, suggested that it might not be altogether serious. "Arch-tease" seems to me a slightly grand title for a chap whose jokes were of the order of "Butter late than never" when he was passed the butter, or "Topee or not topee" when he put his sun-helmet on in India. However, the programme was mainly about the architectural tricks that Lutyens would play in his designs, and one longed to see the houses whose names cropped up. (And of course now I can, at the Hayward Gallery until the end of the month.) One teasing remark that I rather liked was his answer to his daughter when she tried to break their habitual lack of communication by asking him to tell her about the principles of architecture. "All you have to remember is that water runs downhill," he said gnomically.

I stayed on Lutyens's frequency, through 50 splendid minutes of Bach's organ music, to hear Barry Collins's *The Ice Chimney*, a play for one voice. I don't think it really had enough resource or variety to occupy an hour and 40 minutes' radio time, but I must say it was ably done.

Tim Hardy and Ann Firbank

Macbeth

BY B. A. YOUNG

Within the steel scaffolding of Stephanie Howard's set, the hurly burly is still not done when the witches appear in mid-air. Cultured witches they are, that made me think of a turn in one of the old Gate Revues, "Kensington Girls from Kensington Gore." One of those girls came from a titled family, and sure enough one of the witches reappears as Lady Macbeth. There is a possible point to be made here, but Gordon McDougall, the Director, refrains from making it, in this production at the Oxford Playhouse. His Lady Macbeth, Ann Firbank, is Kensingtonian still under her fluffy wig, but by no means witch-like until she has persuaded us by the ability with which she speaks her lines.

It is characteristic of the production that our belief has to depend on what we hear and not what we see. Unfortunately the words are not on the whole well spoken. I missed an awful lot of what Tim Hardy said as Macbeth, from gabbling, from voice-dropping and from some eccentric accentuations. He is hampered too, by lack of props: he has to conjure up for us an invisible Banquo at the banquet (which is attended only by the royal couple and four other thanes) and there is no cauldron for the cauldron scene. He *must* do what he can with dolls that are thrust into his hand from the dark while a witch says the fatal words. He speaks "Tomorrow and tomorrow and tomorrow" to his *wife's wedding ring, brought to him by Seyton on her death.*

Of the smaller parts, I liked Kenneth Gilbert's Duncan, still in the vigour of middle age. Malcolm is convincingly played by Richard Cottan as a self-doubting young man; it made a persuasive delivery of his self-*accusations rather inappropriate*. Peter Baldwin inexcusably begins a quite decent Porter performance by some low comedy with his trousers.

Deprived of his best scenes, Mark Penfold could do no more for Banquo than glow with integrity just as David Lyon's Macduff glowed with fine intentions. (*It was brave of Macduff to go for the desperate Macbeth with a lance rather than a sword.*) The most convincing moment of the evening for me came from Steven Benton as Seyton, when he announced the King's arrival and was told "Thou art mad to say so." The truth with which his face dropped, like that of a rebuked schoolboy, was a genuine emotion.

In the battle scenes of the last act the invading forces stand aloft on the balcony while Macbeth paces *the main acting area*. David Colmer's lighting, with the aid of some dry-ice, is able to conceal scenes usefully when required, and yet there is no sign of a single branch from Birnam Wood. More incidental detail is really necessary if it can't be suggested by the words.

Making it in Manhattan

Manhattan may be one of the most built on islands in the world but architects are still finding new ways of changing its skyline. GILLIAN DARLEY reports on Battery Park City.

There is an instant irony for the visitor to New York in the way in which Manhattan Island endlessly seeks to overcome its physical limitations as an island. Landfill and the attempt to build on anything in sight have allowed for the planning and building of two "new towns": first Roosevelt Island attached by a rather erratic umbilical cable car to Manhattan and now, long planned but only finally under way, Battery Park City on the western tip of the island — not far from the World Trade Centre. The irony is, of course, that a sizeable proportion of this same island is left derelict — often utterly derelict, block upon block — but that is Harlem.

As well as residential development at Battery Park and an overall landscape scheme which aims to make much of the waterside, there is to be a vast commercial complex for developers Olympia and York and this, a prize-winning design by Cesar Pelli, the Argentinian born architect of the tower at present rising in the "air space" above the Museum of Modern Art, is already on site.

The scheme, offering 6m sq ft of *commercial space*, is an interesting one for it proves that scale can work to the advantage of a design, providing aesthetic links and grouping unlike the individual skyscrapers which must act alone.

Pelli has taken a fresh look at the skyscraper, which has been on something of a downward path (over the last decade) in architectural terms if on an upward path in sheer magnitude.

The starting point of the design of the four office towers at Battery Park is the 1930s skyscraper, the Art Deco masterpiece which made a virtue of planning legislation, using its series of set-backs to tease craggy forms and soaring pinnacles out of small plots of ground. Even in the 1950s the quite mundane blocks along Park Avenue and elsewhere continued to use stepped forms to good effect. With Mies van der Robe and Philip Johnson's Seagram Building (1958) another genre appeared in New York—the pure finger-like blocks of glass and steel that spawned plazas at their feet rather than compromise their unbroken vertical forms.

Since then, and particularly in the past couple of years, Manhattan has seen a boom in office building, mostly speculative, but there is architecturally remarkably little to boast about. The views, not to mention the light and air, which had always fought past the skyscraper landscape are, in mid-town Manhattan at least, becoming memories. Density of development is giving New York claustrophobia and the wretched infrastructure is pushed nearer still to disintegration.

Small wonder then that the west side of the island offers a contrast. It has the Hudson and the New Jersey shore as a view; it has the promise of a brand-new roadway (the West way), and it has become the planners' answer to the problems of mid-town. Problems may lie ahead, but for the moment all is optimism.

Pelli's scheme, responding to a brief provided by the Battery Park City Authority, is to be the gateway to all this. Seen from the water, or the waterfront, the four towers take their location from the existing irregular road pattern of the financial district, and are then cranked onto the regular grid which begins to dominate from the northern edge of the site onwards.

Two nine-storey octagons are linked by a pedestrian bridge and form a gateway to Liberty Street and thus the World Trade Centre. Further north again, the space between two of the towers will be glazed over to provide a vast Winter Garden, part of the very substantial public space provided for within the commercial centre as a whole.

In the design of the office towers the objective has been to give them a gradually lightening form, particularly emphasized towards their tops (they range from 33 to 50 storeys in height). Internally, the finishes will be as varied as possible, one block to the next—an attempt to escape from totalitarian aesthetic of identical lobbies. Externally, the bases of the buildings will be heavy granite (a greyish pink), an allusion to classical rustication perhaps.

As the buildings rise, taking a step back at the third, ninth and 24th levels, the balance changes in favour of glass, so that the mullions become finer and finally the capped tops are set off by sheer reflective glass. This gradual exchange of skins, and by implication, of weight, emphasized also by the slimming of the tower forms, is a return to the premises of the earlier designers who often broke into exuberant ornament of coloured terra-cotta or gilding, as the building soared.

Pelli has reintroduced the decorative element in other buildings, in Houston on the MOMA tower and elsewhere, by using a range of coloured opaque glass alternating with window glass as a form of modular patterning.

Much of the success of the Battery Park scheme, and its integration with western downtown Manhattan, depends on the transformation that landscaping can bring about on the waterside and in the public square and terracing that will link the ground around the towers to the waterside. Certainly in terms of sheer scale the scheme suggests a result alarmingly monolithic but if the detail of the design delivers its promise then something quite splendid may have emerged at Battery Park City by 1987.

Andrew Lloyd Webber returns to the Palace

Andrew Lloyd Webber's *Song and Dance*, a Concert for the Theatre, will open at the Palace Theatre on Friday, March 26 for a limited season.

The evening, which is based on Lloyd Webber's best selling albums *Variations* and *Tell Me On A Sunday* (with lyrics by Don Black), will star Wayne Sleep and Marti Webb, together with eight dancers. Additional material has been written by both Andrew Lloyd Webber and Don Black for the show.

Record for a spoon

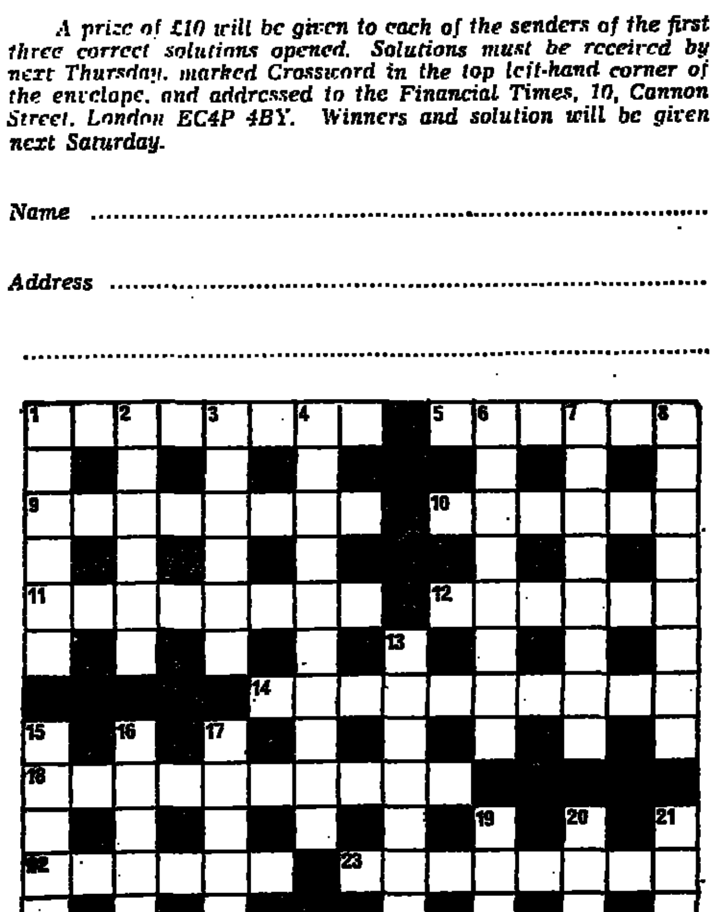
Phillips yesterday held a successful sale of silver which totalled £239,450. A pair of Charles II candlesticks by Jacob Bodendick sold to How of Edinburgh for £48,000, double the estimate, and a Paul de Lamèrie tobacco box realised £23,000, on target. A Richard II Syrian Leopards Head spoon of around 1380, found in the thatched roof of a medieval farmhouse in Devon, sold for £13,000, a record for a silver spoon.

F.T. CROSSWORD PUZZLE No. 4,779

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....



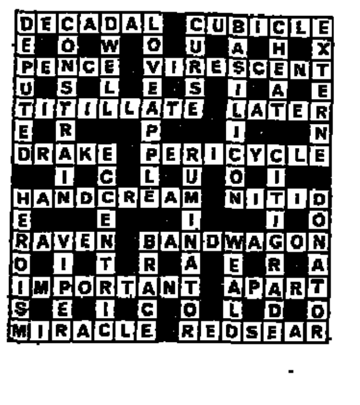
ACROSS

1 Gets off lightly, using rough timber on board (8)
5 Isolate colour (6)
9 Good place for William as things turned out (8)
10 Meal ended by sappers . . . (6)
11 . . . hams at the Savoy? (8)
12 Unusual footwear creates fluky goal—keep quiet! (6)
14 Call her Friday at work (6-4)
18 The stoop as troublesome? These practitioners might help (10)
22 Agent of loud player (6)
23 Lamb is one to try and sit awkwardly (8)
24 In such woody defence, what is best for Boycott? (6)
25 Development area? (4-4)
26 Chief, they say, of Schubert's songs (6)
27 Can this watch not be set at one? (8)

DOWN

1 Sheridan's scandalous institution (6)
2 Strange result in Northern Ireland (6)
3 Old wedding feast Slimbridge laid out (6)
4 Precedence for car hardly *worth a fig by end of July* (5, 2, 3)
6 Means to furnish cricket statistics (8)
7 "Creation" for example, or a trio arrangement and nothing more (8)
8 Crazy inferno confining Hazel? (8)
13 Dark ghost can be deadly (10)
15 *Typewriter feature often* topped, of course (4-4)
16 Silver was held back by such stakes (8)
17 Colonel, fifty short, is inside to settle (8)
19 Does a merrythought make hen do it? (6)
20 Don't participate—relax in *the garden (3, 3)*
21 Counterfeit translation of U.S. term (6)

Solution to Puzzle No. 4,778



TV/Radio

BBC 1

† Indicates programme in black and white

9.05 am Swim. 9.30 Swap Shop. 12.12 pm Weather.
12.15 Grandstand, including 12.45 News Summary; Football Focus (12.20); Racing from Haydock Park (12.50, 1.20, 1.50); World Cup Skiing (1.10); Motor Racing (1.40, 2.10) The South African Grand Prix; Basketball (2.10) The Asda National Cup Final; Rugby League (3.55) The John Player Trophy Final — Hull v Hull Kingston Rovers; 4.55 Final Score: Classified results and pools check.
5.10 The All New Pink Panther Show.
5.30 News, weather.
5.40 Sport/Regional News.
5.45 Kung Fu.
6.35 Jim'll Fix It.
7.10 Nanny, starring Wendy Craig.
8.05 The Two Ronnies with guest Elaine Page.
8.55 Dallas.
9.45 News and Sport.
10.00 Match of the Day.
11.10 Parkinson with his weekend guests.
12.10 am Golden Soak by Hammond Innes.

REGIONAL VARIATIONS:

Cymru/Wales — 5.40-5.45 pm Sports News Wales.

Scotland — 5.40-5.45 pm Scoreboard. 10.00-11.10 Sportscene. 1.00 am News Headlines and Weather for Scotland.

Northern Ireland — 5.00-5.10 pm Scoreboard. 5.40-5.45 Northern Ireland News. 1.00 am News Headlines and Weather for Northern Ireland.

England — 5.40-5.45 pm Saturday Spotlight (South-West only).

BBC 2

10.10-11.40 am Open University.
†3.10 pm Saturday Cinema 1: "Top of the World," starring Dale Robertson.
4.40 Play Away.
†5.05 Saturday Cinema 2: "Mara Maru," starring Errol Flynn.
6.40 From Hull, Hell and Halifax.
7.10 News and Sport.
7.25 Did you See . . .?
8.05 James Galway — the man with the Golden Flute.
9.05 Film International: "Salto nel Vuoto," starring Anouk Aimee (Italian film with English subtitles).
11.00 The Light of Experience.
11.15 News on 2.
11.20 Grand Prix from South Africa.
†11.55-1.30 am Midnight Movie: "A Man in Half Moon Street."

LONDON

8.35 am Sesame Street. 9.35 Thunderbirds. 10.30 pm Tiswas.
12.15 pm World of Sport: 12.20 On the Ball; 12.45 World Cup Skiing; 1.00 The Monte Carlo Rally; 1.15 News; 1.20 The ITV Seven from Kempton and Warwick 3.10 Athletics from California and New Jersey; 3.45 pm Half-time Soccer and Reports; 4.00 Wrestling; 4.50 Results.
5.05 News.
5.15 Happy Days.
5.45 David Frost presents the Guinness Book of Records.
6.45 The Goodies.
7.15 Family Fortunes presented by Bob Monkhouse.
7.45 Hart to Hart.
8.45 News.
9.00 "The Big Sleep," starring Robert Mitchum.
10.50 OTT.
11.50 London News Headlines, followed by Johnny Carson's Tonight Show.
12.30 am Close: Personal Choice with Jack Jones.

All IBA Regions as London except at the following times:

ANGLIA

9.00 am Sesame Street. 10.00 Sport Billy. 5.15 pm Mr Merlin. 7.45 Magnum. 11.50 The Amazing Years of the Cinema. 12.20 am At the End of the Day.

BORDER

9.35 am Thunderbirds. 5.15 pm Mr Merlin. 7.45 Magnum. 10.50 For Club and Country (documentary on the history of Queen's Park Football Club and of its ground, Hampden Park).

CENTRAL

9.05 am Paint Along with Nancy. 9.30 Sesame Street. 5.15 pm Mr Merlin. 7.45 Magnum. 11.50 Brian Moore Meets Niki Lauda.

CHANNEL

5.15 pm Mork and Mindy. 5.40 Puffin's Pla(i)ce. 7.45 The Fall Guy. 11.50 Video Sounds.

GRAMPIAN

9.00 am Sesame Street. 10.00 Joe 90. 5.15 pm Mr Merlin. 7.45 Magnum. 11.50 Reflections. 11.55 Dolly.

GRANADA

9.20 am Spiderman. 9.40 Thunderbirds. 5.15 pm Abba's Words and Music. 7.45 Magnum 11.50 Lou Grant. 12.45 am The Palace Presents.

HTV

9.10 am The Adventures of Black Beauty. 9.30 Thunderbirds. 12.13 pm HTV News. 5.14 HTV *News*. 5.15 *Mr* Merlin. 7.45 Magnum.

HTV Cymru/Wales—As HTV West except: 9.10-9.30 am The Book Tower. 5.15-5.45 Ras Sgwar.

SCOTTISH

9.15 am Vicky the Viking. 9.40 Thunderbirds. 5.15 pm Mr Merlin. 11.50 Late Call. 11.55 That's Hollywood.

TSW

9.25 am The Saturday Show. 10.25 Survival. 10.50 Gus Honeybun's Magic Birthdays. 10.55 The Incredible Hulk. 11.45 University Challenge. 12.12 pm TSW Regional News. 5.15 Mork and Mindy. 5.40 Newsport. 7.45 The Fall Guy. 11.50 Video Sounds. 12.20 am Postscript. 12.25 South West Weather and Shipping Forecast.

TVS

9.00 am Saturday Brief. 9.05 Here's Boomer. 9.35 Thunderbirds. 10.30 No. 73. 11.45 Benson. 5.15 pm TVS News. 5.20 Mr Merlin. 7.45 Magnum. 11.50 Barney Miller.

TYNE TEES

9.00 am Cartoon Time. 9.10 Wheelie and the Chopper Bunch. 9.40 Thunderbirds. 12.13 pm North East News. 5.15 North East News. 5.17 Mr Merlin. 7.45 Magnum. 11.50 House Calls. 12.20 am Three's Company.

ULSTER

10.00 am Stingray. 1.18 pm Lunchtime News. 5.00 Sports Results. 5.13 Ulster News. 5.15 Mr Merlin. 7.45 Magnum. 8.59 Ulster Weather. 10.50 *The Monte Carlo Show: Patrick Wayne's* guest is Neil Sedaka. 11.40 Bedtime.

YORKSHIRE

9.00 am The Saturday Morning Picture Show: "Geordie," starring Bill Travers and Alastair Sim. 7.45 pm Magnum. 11.50 That's Hollywood.

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Playground. 8.00 Tony Blackburn with *Junior* Choice. 10.00 Peter Powell. 12.00 My Top 12. 1.00 pm Adrian Juste (S). 2.00 A King in New York (S). 2.05 Paul Gambaccini (S). 4.00 Walters' Weekly (S). 5.00 Rock On (S). 6.30-7.30 In Concert (S).

RADIO 2

5.00 am Peter Marshall with the Saturday Early Show (S). 8.04 David Jacobs with Star Sounds (S). 10.00 *Star Choice (S)*. 11.02 Sports Desk. 11.03 Next Week's Kenny Everett Show (S). 1.00 pm Getting the most out of your body. 1.30 Sport on 2: Football: Cricket: Rugby League: John Player Trophy Final—Hull v Kingston: Rugby Union: John Player Cup—third round. London Irish v Coventry; Racing from Haydock Park at 1.30 and 2.00; 5.00, 5.45 News, reports, classified results. 6.00 Country Greats in Concert. 7.00 Beat the Record. 7.30 Big Band Special (S). 8.00 Saturday Night is *Gala Night* (S) including 8.50-9.05 Interval Talk. 10.00 Nordring 80 (S). 11.02 Sports Desk. 11.03 Pete Murray's Late Show (S). 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

7.55 am Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.15 Bandstand (S). 11.45 I Know What I Like (S). 1.00 pm News. 1.05 *Songs and* Dialogues (S). 2.00 Play It Again (S). 5.00 Jazz Record Requests with Peter Clayton (S). 5.45 Critic's Forum. 6.35 Flute and Piano recital (S). 7.10 Short Story by Heinrich Boll 7.30 Royal Liverpool Philharmonic Orchestra Concert from the Philharmonic Hall, Liverpool. Part 1: Vaughan Williams. Dvorak (S). 8.25 Deaths of the Poets. 8.45 Concert, part 2: Sibelius (S). 9.25 Mendelssohn string quartet recital (S). 10.00 Samuel Barber (S). 11.00 News. 11.05-11.15 Homage to Catalonia: John Duarte on record (S).

RADIO 4

6.25 am Shipping Forecast. 6.30 News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather, programme news. 7.00 News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 Yours Faithfully. 7.50 It's a Bargain. 7.55 Weather, programme news. 8.00 News. 8.10 Sport on 4. 8.50 Yesterday in Parliament. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Daily Service (S). 10.45 Pick of the Week (S). 11.35 From Our Own Correspondent. 12.00 News. 12.02 pm Money Box. 12.27 Just a Minute (S). 12.55 Weather, programme news. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News. 2.05 Thirty Minute Theatre (S). 2.35 Medicine Now. 3.05 Wildlife. 3.30 The British Seafarer (S). 4.15 A Passion for Vegetables. 4.30 Does He Take Sugar? 5.00 Novels Up to Now. 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News. 6.15 Desert Island Discs (S). 6.55 Stop the Week with Robert Robinson. 7.35 *Baker's Dozen* (S). 8.30 Saturday Night Theatre. 9.58 Weather. 10.00 News. 10.15 In the Path of Belloc. 11.00 Lighten Our Darkness. 11.15 A Word in Edgeways. 11.45 On the Train to New Zealand. 12.00 News.

BBC RADIO LONDON

5.00 am As Radio 2. 7.32 Good Fishing. 8.00 News, weather, traffic. 6.05 Weekend What's On. 8.30 Westminster at Work. 9.02 On the Rates. 9.30 Openings. 10.02 All That Jazz. 11.30 The Robbie Vincent Show. 2.02 pm Breakthrough. 3.30 The Great Composers. 5.00 Guideline. 5.30 Quest. 6.00-5.00 am Join Radio 2.

LONDON BROADCASTING

7.00 am AM with Jenny Lacey and Magnus Carter. 10.00 Jellybone with Rosie Kempston. 12.00 LBC Reports with Des Fahy. 1.00 pm Sportswatch with Dominic Allan. 6.00 LBC Reports with Des Fahy 7.00 Geet Mala. 8.00 Network: "Babies Don't Die for no Reason." 9.00 LBC Special: (Travel '82). 10.00 Nightline with Therese Birch. 1.00 am Night Extra with Steve Allen. 4.00 Hayes on Sunday. 4.30 Decision Makers. 5.00 Morning Music.

CAPITAL RADIO

7.00 am Graham Dene's Breakfast Show. 9.00 Countdown with Peter Young. 12.00 Dave Cash's Cash Country. 2.00 pm John Sach's Afternoon Delight. 5.00 Greg Edwards. 8.00 Juke Box Saturday Night. 9.00 Capital Re-Cap with David Castell. 10.00 Roots Rockers with David Rodigan. 12.00 Midnight Special.

TV Ratings

w/e Jan. 17

U.S. TOP TEN (viewers m)

1	Dallas (CBS)	31.1
2	60 Minutes (CBS)	29.2
3	Saturday Night Movie (CBS)	28.8
4	Monday Night Movie (ABC)	27.2
5	Magnum P.I. (CBS)	26.7
6	Dukes of Hazzard (CBS)	25.5
7	Three's Company (ABC)	25.3
8	Too Close For Comfort (ABC)	24.3
9	MASH (CBS)	24.2
10	Walt Disney (CBS)	23.6

CHESS SOLUTIONS

Solution to Position No. 407

1 R-KB1, Q-Q3 (if K-K2; 2 R-B7 ch, KxP; 3 RxB); 2 Q-R5 ch, K-Q1; 3 R-Q1, and Black resigned.

Solution to Problem No. 407

1 N-Q2, B-B5 ch; 2 QxB, or if R-N6 ch; 2 PxR, or if RxR; 2 P-B4, or if R-B5; 2 P-B3, or if B-Q6; 2 Q-N2, or if B-N4; 2 NxR, or if N moves; 2 R-Q5, or if RxB; 2 NxR, or if R-QB6; 2 Q-K4.

SOLUTION AND WINNERS OF PUZZLE NO. 4,773

Mrs J. Dart, 8 Farm Row, Wheathampstead, Herts.

Mr J. R. Laine, 46 Kimberley Road, Leicester LE2 1LF.

Mr Timothy S. Moore, [illegible] mouth Park Road, [illegible] NW5.

Reading the glint in the auctioneer's eye

BY JUNE FIELD

"I HAVE GOT three of these in the sale this week," observed the auctioneer, peering at what appeared to be a period stripped pine circular table to see if it tilted. It was part of a hodge podge of furniture I was helping a friend to clear from a country cottage, and from the tone of voice it was *obvious* that whether the top would go upright or not, its value was rocky. Observations on the next few items were equally discouraging.

"*Married piece*" was the laconic comment on a chest on a *stand*. "*wrong legs*" the verdict on a bureau, and adamantly "no call for those" of a pair of cosy armchairs of indeterminate age. But at last a flicker of interest was discernible at the sight of a rather *ungainly but* sturdy gate-leg dining table whose bulbous and turned *legs he felt before terming it* saleable even though it was not very old. The glint in his eye brightened over a motley group of half-a-dozen Victorian balloon-back dining chairs which would make an *appealing* "harlequin" set even though the carved bar-back of one was missing. (*Now that* actual matching sets are getting scarce and expensive, people are making up their own "look-alikes." A set of six in superb condition made £1,450 in a sale in Manchester last month.)

By now it was clear that some sort of arrangement would have to be *struck* so that the bad and indifferent would be gathered up with the good and acceptable. With the promise that two handsome Victorian button-back easy chairs on cabriole legs with hoof feet should go in, instead of being sent to a London saleroom, it was agreed that *all* should be cleared, including *the junk and domestic trivia* that inevitably accumulates over the years.

As this particular saleroom did not operate a buyer's premium, the standard consignor's commission was 20 per cent plus VAT, negotiable "depending on the situation" or "according to client." (Some provincial auctioneers stick firmly to a fixed rate, others offer a different structure from the trade, while some will only accept goods from private sellers). A rate of 15 per cent *commission was agreed* on the cottage items, to include insurance and catalogueing, *with* a charge of £20 quoted for removing the whole lot to the saleroom and disposing of any rubbish. "Should only take *about an hour or so*," was the over-optimistic estimate.

In the event the *job took* the whole morning, with two trips to the "tip" to dump extra unsaleable and rather dubious bits and pieces discovered lurking *in cupboards*, up in the loft, and in a shed at the bottom of the garden. The *final account* was a compromise, with a further reduction on commission to help off-set the removal expenses which were considerably more than the original figure, and included "*local corporation refuse destructor*" fees of £36. (If you take the stuff up yourself *in a private* car, there is no charge, but a trade van or lorry has to pay £18 a time.) And VAT at 15 per cent on the commission takes a good slice off the proceeds too.

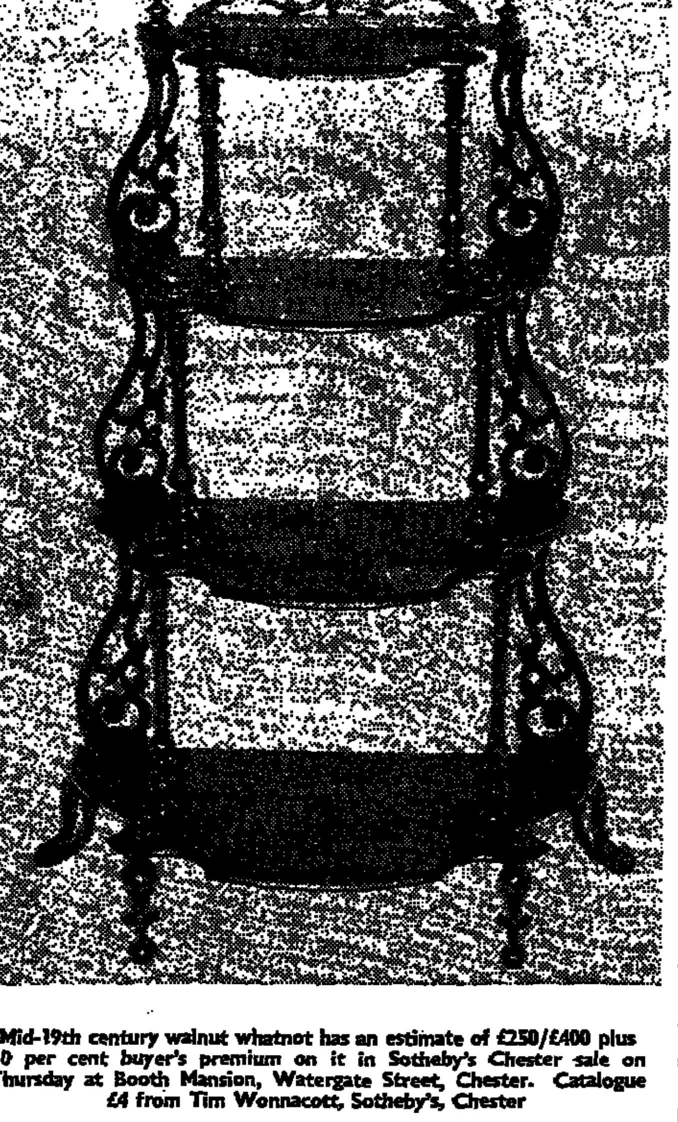
The sale results made a fascinating study. The prize lots, as I surmised, were the button-backed Victorian chairs, although the carved walnut framed version made £320, nearly double the unadorned *mahogany framed* one which was not nearly so graceful; the gate-leg table fetched £42, one of the balloon-backs in rosewood £46, *with the damaged* walnut pair £56 the two, and another pair catalogued "both with some worm and repaired," £34.

Extraordinarily, an Edwardian circular mahogany umbrella stand and a stained beech piano stool that my friend had *intended to throw out*, made £38, while a pleasing Edwardian octagonal *mahogany table*, *box*-wood strung, satinwood banded and batswing inlaid, only attracted a bid of £16, presumably because it was braced underneath. And certainly a bargain was a four-foot freshly *upholstered* box-ottoman with hinged lid for £6, while the period pine table, more correctly catalogued as a 19th century 2 ft 6 in circular *mahogany tripod* table on a turned column with cabriole-shaped *supports*, £50.

The overall catalogue of what were called "a superior selection of antique and modern furniture," sold without reserve, comprised 453 lots from a number of sources—houses are continually *being cleared*, and the variety of goods on offer in out-of-town general sales is enormous. In this one you could take your pick from smoker's cabinets, turn-of-century bamboo tables, an oil *painting of a woodland scene* with a waterfall signed JR 1889, an *art deco* blue tinted glass vase tucked in with an assortment of glassware, and a picnic hamper listed as "*wicked*" instead of wicker lumped in with two coal helmets and fire-side companion set.

Selling furniture of any description can be a traumatic experience, particularly if the pieces have some sentimental attachment; it applies whether you sell by auction, where expenses have to be deducted, and settlement inevitably takes longer, but where it is almost *the only way of clearing mixed* pieces, or by selling to dealers where transport is probably on tap, and there is immediate payment, but where profit and overheads obviously have to be allowed for in the amount you are offered.

An indispensable aid to find*ing an appropriate saleroom for* selling or buying is the new guide *The Auction Companion* by Daniel and Katharine Leab (Macmillan £9.95), which lists some 600 auction houses, mainly in Europe, Australia, the Far East and the Americas. It gives salient facts such as what they *specialise* in, commission terms, whether there is a mini*mum lot charge*, *reserves*, viewing and sale days. (Enquiries Gillian Vincent, Publicity Manager, Macmillan, 4, Little Essex Street, London WC2, if you cannot find it in the bookshops.)



Mid-19th century walnut whatnot has an estimate of £250/£400 plus 10 per cent buyer's premium on it in Sotheby's Chester sale on Thursday at Booth Mansion, Watergate Street, Chester. Catalogue £4 from Tim Wonnacott, Sotheby's, Chester

You can also watch out for *the various* "appraisal days" usually free, organised by the major London auction houses. For instance, the next Sotheby's "Discovery Event" is 10.00 am-4.30 pm on Wednesday, February 24, at the Welwyn Civic Centre, Prospect Place, Welwyn, Herts. Because it is in aid of the NSPCC, there is an admission charge of £1 per person. If something is too large to carry either bring along a photograph noting measurements and any marks, or contact Sotheby's local representative, Lady Victoria Leatham, Sidney House, Sussex Street, Cambridge, who will arrange transport.

For those who want to see a fine display of craftsman-made furniture from the early 1920s to the present day, 40 works by distinguished veteran designer Edward Barnsley will be on show at The Fine Art Society, *148*, New Bond Street, London W1, on Monday until February 19. For information about the Edward Barnsley Educational *Trust* and *the catalogue*, stamped addressed envelope to Karin Antonini, Secretary, The Bee House, Froxfield, Petersfield, Hants.

Germany's vintage port

WHICH IS THE historical up-river, wine-importing city, with a famous sea-going tradition, whose name begins with B, and has the eldest cask wine on tap? The answer is not Bristol but Bremen, *where I recently* spent some days more given over to drinking French than German wines. The occasion was the establishment in that *traditional North German* wine city of an affiliate of the Commanderie de Bordeaux, an amateur dining club and promotional body rather like the Chevaliers de Tastevin of Burgundy. Bristol has one too, *and another is to be inaugurated* in London shortly.

Although we may be vaguely aware of the Hanseatic cities' great wine importing tradition, one has to go there to realise its antiquity, depth and continuance today. Moreover, with one notable exception, it is not German wines that are generally sold and drunk there, but the wines and spirits of the world, especially Bordeaux.

The leading retail merchant, *Hermann Segnitz said modestly*, but not without a basis of truth, "I know nothing about German wines." He knows a great deal about bordeaux and burgundy, champagne and cognac. His 1981/82 catalogue, entitled *Homage au Vin*, has just reached me, and of its 270 *pages, over* 100 are *given to* French wines and spirits. He is the German agent for Krug champagne and Louis Latour burgundies. He also lists wines from almost every main producing country, not forgetting *Hambledon from England*; but none from Germany. The lead*ing importer* and wholesaler, Reidermeister & Ulrichs, gave up selling German wines 10 years ago.

For this is basically red-wine-drinking country, that at one time *stretched* beyond East *Prussia into pre-Revolutionary* Russia. In the long, dark winters the Prussian barons and their ilk had nothing to do but hunt and drink; and it was red wine, mostly from Bordeaux, that they downed in enormous quantities: perhaps a thousand bottles each a year. Before 1914, in Bremen there were a hundred wine merchants, many of them direct importers. It was a bigger wine port than the *larger Hamburg*. *The big Bor*deaux houses, such as Calvet, Cruse and Eschenauer, had their agents in the Hanseatic ports and sold to the local trade, which also bought wines and spirits from all over the world. Bremen was and still is a major rum importing centre. The 1913 list of Reidermeister contained 150 clarets, ending with the château-bottled second wine of Ch. Margaux 1825, a short red *burgundy list concluded* by French-bottled Richebourg 1878, and a page of fortified wines notable for "Sherry Victoria Regina, Buckingham Palace."

Bordeaux led the market for much the same *reason as* it did in England: ease of access by sea. The Dutch and then the Germans took over the North European wine commerce when the English were expelled from Gascony in 1453. Between *them* they *ensured* the continuance of the Bordeaux trade, which included large exports from the hinterland of Cahor, Gaillac, etc. The Bremen wine merchants were no friends of Napoleon and his Continental

WINE

EDMUND PENNING-ROWSELL

Blockade, nor of Hitler who killed the business with Bordeaux.

For Germany was the great market for the *crus bourgeois*. Before 1944 it imported annually 200,000 hl. of red bordeaux, principally the *reliable, inexpensive bourgeois* wines which relied on this trade, and when it ceased dwindled until their recovery only very recently. Before World War I, the house of Segnitz owned the classed-growth Malescot-St-Exupéry and the superior bourgeois Chasse-*Spleen*. *After the war Bremen* lost it vital trade with the big wine-drinking cities of Dresden and Leipzig, for until then little imported wine was drunk further south. German demand for red bordeaux only revived *in the mid-1960s*, and even now the annual imports only total 60,000 hl. *Munich is the chief* foreign-wine-consuming city now, but Bremen has some notable private cellars.

Today there are only six wine merchants of importance in the city, but they carry on a striking inheritance. Eggers and Franke were founded in *1804*. *Reidermeister and Ulrichs* in 1831 (and on their 150th anniversary last May Christie's conducted an auction of their wines in Bremen), and Segnitz in 1859. Reidermeister also has an association with Ludwig von Kapff, a retail merchant who last November bought cuvées *of Pommard and Meursault* at the Hospices de Beaune auction.

The one place *in Bremen* where one can be assured of a good glass of German wine is the famous medieval Rathas, miraculously spared in the RAF-ravaged city. With a highly decorated, early 17th-century facade, the great first-floor hall, resting on stone columns, must be the largest in Germany, and is the scene of a celebrated annual feast to which the local sea captains are invited—once only in their lifetime. Down below are the wine cellars and the Ratskeller restaurant, where from a stock of 750,000 bottles 300,000 are served each year—of German wine only.

For since the Middle Ages the city state has had a monopoly of importing and selling Rhenish, which is taken to include Mosel. The insistence on German wines was reinforced when Napoleon, after incorporating Bremen into his empire, tried to introduce French wines. Once the city was liberated by the Russians, the city council vowed never to have other than German wines.

The Ratskeller is particularly *famous for its Rose and Apostle* Cellars, filled with casks of ancient wine, dating back to 1653. That, I was told, is now too acid to drink, and so are several early 18th century wines, but in the Apostle Cellar, *with its 12 large black oak* casks, the 1727 Rüdesheimer Apostelwein—from the Judas cask—is drinkable; and I sampled it. A deep gold in colour, it had a strong aroma of madeira, and was very dry indeed. Though somewhat oxidised, there was no sign of *decay*, and *it was quite strong*. The casks are, of course, regularly refreshed and topped up, but, as with sherry soleras, if not too much is drawn off at a time the wine maintains its character. A half-bottle of this wine was *sold* at Christie's in 1975 for £250; and in 1978 a bottle of the Rüdesheimer Rosewein 1848 went for £260.

For less privileged guests the Ratskeller has a large-format, *70-page wine list*, including everything from open wines sold by the glass to literally priceless, or at least unpriced, rarities in the *schatzkammer* (treasury). Nevertheless it is possible to buy 1937 and 1953 *trockenbeerenauslesen* for DM 1,000 a bottle, and exceptional *wines from DM 100 to DM 800*. The list itself can be acquired for the *equivalent of about £5*.

The recent delegation from Bordeaux was entertained to lunch *in* a private room in the Ratskeller, and was duly served with excellent German wines, to which few of the distinguished château owners present can have often been exposed *in their native Gironde*. However, after the meal and the farewell speeches, the visiting party rose to its feet, and somewhat ironically and even seemingly defiantly in these surroundings, as one man they shouted out the Commanderie's "call-sign" — "*Bordeaux, toujours Bordeaux!*"

The lesson of two deals

BRIDGE

E. P. C. COTTER

THE DIFFERENCE between poor dummy-play and technical excellence is clearly illustrated in two deals from rubber bridge. We start with *No Return*:

N
♠ Q J 5
♥ 10 4
♦ A 10 9 7 5 2
♣ 8 6

W
♠ 10 9 6 2
♥ K Q 3
♦ Q J 4 3
♣ J 9

E
♠ K 8 4
♥ 9 8 7 2
♦ 6
♣ Q 10 5 4 3

S
♠ A 7 3
♥ A J 6 5
♦ K 8
♣ A K 7 2

With East-West vulnerable, South dealt and opened the bidding with one club—his hand is too strong for one no *trump, and his choice of one* club rather than one heart has much to recommend it. North replied with one diamond, and South jumped to three no trumps, which is a reasonable sequence.

West led the two of spades, and the declarer lost no time in wrecking the contract. Pleased at the prospect of a free finesse, he played dummy's Knave, and East was shrewd enough not to cover—he did not wish to set up an entry to the table. The contract was now unmakeable, unless one defender held the Queen, Knave of diamonds unguarded. This did not happen, and the declarer ended up two tricks short of his contract.

Let us replay the hand together. When the spade is led, we see the vital importance of preserving an entry to the table in order to enjoy the diamond suit if it breaks reasonably, so we play the five from dummy, and take with our Ace, no matter what card East produces. We cash the diamond King, and when West follows to the second diamond, we can ensure the contract with a safety play. We finesse dummy's nine. When this holds, we cash the Ace, and surrender a trick to the Queen. West switches to the King of hearts, we win in hand, and lead a spade to the Knave on the table. East wins and returns a *heart to his partner's Queen*. That is the last trick for the defence, and we collect ten tricks, three more than the original declarer, to make the score Game All.

Now let us consider *Never So Humble:*

N
♠ Q 9 8
♥ A 7 4
♦ 8 5 3
♣ J 10 9 8

W
♠ 7 5 3
♥ J 10 8
♦ Q 10 9
♣ K 7 3 2

E
♠ —
♥ 6 5 3 2
♦ K J 7 2
♣ A Q 6 5 4

S
♠ A K J 10 6 4 2
♥ K Q 9
♦ A 6 4
♣ —

South was the dealer at game to East-West, and bid two spades, which is forcing for one round. North replied with three spades, a positive response which promises trump support and an Ace. South rebid four diamonds, and North said four hearts. Cheered by *the fact* that his partner had the right Ace—the club Ace would not have interested him—South bid six spades, and this concluded the auction.

The difference between poor dummy play and technical excellence is shown here in two deals from rubber bridge

West led the Knave of hearts, and the declarer took stock. He had eleven top tricks, and two seemingly inescapable diamond losers. Then he considered the *lowly club suit on the table. If* he could find East with at least two of the missing honours, he could set up one club trick for a diamond discard.

Winning the heart with the King, South crossed to the eight of spades, and returned the club Knave. East played his Ace, and South *ruffed high*. He returned to the spade nine, led the club ten, and when East played low, discarded a losing diamond. West won, and led back the heart ten, which was won with the Queen, and the declarer led another trump *to* dummy's Queen, to return the nine of clubs. East played low, and South threw his other diamond loser, and the slam was made.

WINE

EDMUND PENNING ROWSELL'S next wine column — his second on cognac — will appear on Saturday, February 13. Thereafter his column will revert to its usual publication date: *once a fortnight*.

Taking on the top men

CHESS

LEONARD BARDEN

THE ANNUAL Grand Prix, now in its ninth year and sponsored by Leigh Interests, decided the player with the best overall results in British congresses. Major tournaments carry extra weighting or bonus points, so that the professional grandmaster who plays mainly in internationals has an equal chance to the amateur competing on the weekend circuit.

The Grand Prix bridges the gap between local events and world competition, and gives rising talents the chance to measure their ability against national players. Its stimulus to achievement was well demonstrated in 1981 when five of the top 15 finishers qualified during the year for FIDE (World Chess Federation) titles.

Mark Hebden, a young Leicester *expert who won the* Grand Prix with a record 192.6 out of 200, improved suddenly from a run-of-the-mill British championship player to a strong international master, while Daniel King, of Bromley, achieved the IM qualification at the age of only 18.

Tony Miles and John Nunn, our two leading GMs, are both *previous Grand Prix winners but* finished respectively second and sixth this time. One important, though rarely articulated, strength of current British chess is that these two outstanding players combine a heavy overseas *programme with frequent* appearances in English weekend tournaments and longer events.

There is no real parallel in any other country. Ambitious Russians have no chance to take *on Karpov, Kasparov or Spassky* in anything less than a highly rated all-play-all GM tournament or an occasional team match; while leading GMs in other *Western nations also* compete in a more rarified atmosphere from potential young challengers.

The obvious success of Britain's Grand Prix has encouraged imitation, but its U.S. *counterpart operates purely on* the basis of prize money and *thus favours well-endowed* weekend congresses at the expense of longer major nationals. Although the event is strongly contested, it involves few top American GMs.

Tony Miles's ability to com*bine domestic and international* play has been demonstrated in the past few weeks when he was joint winner in the final Grand Prix event at Islington and narrowly failed to overhaul Hebden for the major Leigh award. A few days later Miles flew to Porz, West *Germany, for a grandmaster tournament* and a battle with the Russians. He disputed the lead throughout with ex-world champion Tal and was finally a close second to the Soviet player: Tal 9 out of 11, Miles 8½, Hort 8, Georgadze 7. He lost his individual encounter to Tal but *in compensation won* this complex tactical battle with the USSR second string.

White: A. J. Miles (England). *Black:* T. Georgadze (USSR).

Queen's Gambit Declined (Porz 1982).

1 P-QB4, P-K3; 2 N-QB3, P-Q4; 3 P-Q4, B-K2; 4 PxP, PxP; 5 B-B4, P-QB3; 6 P-K3, B-KB4; 7 P-KN4, B-K3; 8 B-Q3.

A more direct approach than 8 P-KR3 which Korchnoi preferred in game 13 of the world title match at Merano.

8...N-Q2; 9 Q-B3, P-KR4; 10 P-KR3, Q-N3; 11 0-0-0, PxP; 12 PxP, RxR; 13 QxR, P-KN4; 14 B-N3, BxP; 15 R-Q2, B-K3; 16 Q-R2, 0-0-0; 17 N-N5!

White now has dangerous *attacking chances to compensate* for his sacrificed pawn.

17...PxN; 18 R-B2 ch, N-B4;

19 PxN, Q-R4; 20 N-B3, P-KN5; 21 N-Q2, K-Q2; 22 P-B4, P-Q5; 23 P-B5, BxRP; 24 PxP, N-B3?

Allowing White to cut off the bishop; better B-Q4.

25 P-N3, Q-R6 ch; 26 R-N2, N-Q4; 27 BxP ch, K-B1; 28 P-KB6!

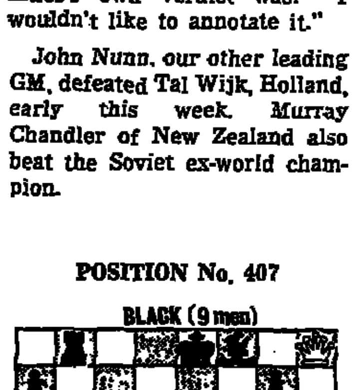
Opening up the game for a decisive diagonal queen check: Black counters ingeniously, but too late.

28...BxQBP; 29 Q-R5, B-Q3; 30 N-B4, Q-N5; 31 NxB ch, RxN; 32 R-B2 ch, Resigns. For if 32... K-Q1; 33 Q-R8 mate. A complex and obscure game on which Miles's own verdict was: "I wouldn't like to annotate it."

John Nunn, *our other leading* GM, defeated Tal Wijk, Holland, early this week. Murray Chandler of New Zealand also beat the Soviet ex-world champion.

POSITION No. 407

BLACK (9 men)

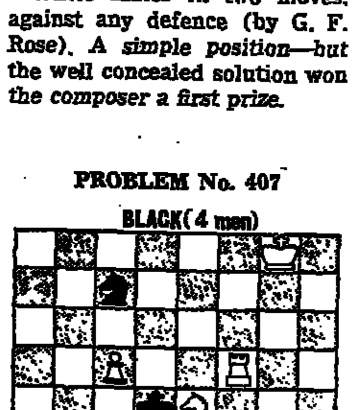


WHITE (10 men)

White mates in *two moves*, against any defence (by G. F. Rose). A *simple position*—but the well concealed solution won *the composer a first prize*.

PROBLEM No. 407

BLACK (4 men)



WHITE (8 men)

Psachis v. Kupreychik, USSR championship 1981. This interesting diagram occurred between the tournament winner (White, to move) and the player who went on to win the ICL Premier at Hastings. White is a pawn up with strong pressure, but Black plans to escape by QxP (K3).

What should White play, and how should the game go?

Solutions Page 18

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Saturday January 23 1982

BRITISH PETROL PRICES

The crazy battle at the pumps

By Martin Dickson, Energy Correspondent

VICIOUS street fighting is not the sort of behaviour you expect to find in a nice place like Wilmslow.

Ugly skirmishings seem a long way from the tree-lined avenues of this well-heeled commuter suburb south of Manchester. The Porsche showroom and the large detached houses, with their rustic leaded window panes and occasional touches of mock Tudor, proclaim the people of Wilmslow to be rich and sober citizens.

Yet battle—and all over a penny or two—is what broke out in Wilmslow recently when the forecourts of the local garages became the frontline in the UK's petrol price war.

It began when Tony Southworth, the big, tough-talking boss of Telegraph, Britain's second biggest chain of independent filling stations, picked up the phone in his Liverpool office and ordered his Wilmslow garage, close to the local railway station, to cut the price of a gallon of four-star from 153.8p a gallon to 149.9p.

Within hours frantic phone calls went out from the other local garages to the regional offices of their supplying oil companies. Could they match Southworth? The following morning the lucky citizens of Wilmslow could fill their cars up for 150p a gallon or less at every big filling station.

It was another downward twist in a petrol price war which the whole of the oil industry professes to think quite crazy but which no-one—at least for the moment—seems able to stop.

That is marvellous news for the motorist. Petrol prices rose by 40p between January last year and August, when they reached an average 169.5p for four-star. But in recent months the trend has been downwards. Urban prices nationally now average 160p for a gallon of four-star and in some of the fiercest areas of competition—such as the North-West and

A 'warning shot' to the big companies

Bristol—the motorist can fill up for 155p a gallon or less.

But what is good for the motorist has been spelling big losses for the oil companies producing the petrol and a squeeze on many of the independent garage owners who sell it.

The fall—which some companies say may now have bottomed out—is due in part to the recent strengthening of the pound against the dollar, in which crude oil is priced, and to a general softening of the crude oil and oil products markets.

But the key factor pushing the UK oil companies into a price war is an excess supply of refinery capacity, built up in the 1960s and early 1970s when the demand for oil products was expanding at a healthy 5 per cent a year or more.

Mike Arron

Mr Tony Southworth, of Telegraph Service Stations, sees himself as a Freddie Laker of the petrol world

Two oil crises and innumerable price rises later, demand for many products has slumped and even petrol—one of the most resilient of the lot—suffered a 1.5 per cent drop in UK sales last year. The total UK market for oil products last year was 65.3m tonnes. Total refining capacity was about 113m tonnes.

Against this background, the oil companies are all scrabbling to preserve—and in some cases expand—their share of a petrol cake which is likely to rise little, if at all, in 1982.

"You've got huge fixed cost capacity right through your system," says one senior executive. "Refineries, terminals, tankers, filling stations. You've got to maintain volume to contain unit costs."

In such an atmosphere downward price spirals can be set in motion by one aggressive seller—hypermarkets, for example are a major force in the British area—and once underway assume their own momentum. Wilmslow, and the wider struggle being waged in the North-West, traditionally the fiercest area of price competition, underlines the point.

The most aggressive seller in the North-West is Mr Southworth, a clever maverick who in 10 years has built up a chain of 31 stations and aims to reach 50 by 1984. He sees himself as a Freddie Laker of the petrol world and has a similar flair for publicity and showmanship: "New Year Sale," said the signs outside his stations two years ago, "all stocks must go."

Mr Southworth gets obvious pleasure from sniping at the major oil companies. Critics complain that enjoyment of the power game may be a factor in some of his pricing decisions.

"In this market all it needs is one operator acting emotionally to set the downward spiral going," says one oil executive, citing the case of a garage operator who slashed his prices after a win on the premium bonds.

So why did Mr Southworth take action in Wilmslow—more tantamount to waving a red flag at Esso, Britain's joint market leader, which has its regional headquarters there.

> In today's static market downward price spirals can be set in motion by one aggressive seller and once underway assume their own momentum

He says it was a "warning shot" to the big companies—a tit-for-tat raid because two of them had undercut him in Winsford, a town 15 miles south-west towards Chester. Ask those companies why and they say they had to do so—the operators of their sites were losing trade to Chester, where prices had tumbled in the wake of earlier cuts by Telegraph.

The ripple effect seems never-ending: Mr Southworth predicts that his Wilmslow cut will "bring the whole of South Manchester down" and within days this is coming true as prices drop along the A34, the main arterial road from Wilmslow to the city centre.

Mr Southworth's philosophy is simple. He wants the big companies to concede him a 1p price edge because his sites are limited in their facilities and do not take credit cards. But petrol remains so price-sensitive that 1p can make a big difference to sales—even in affluent Wilmslow. "Nobody likes to buy petrol," says Mr Robert Corstorphine, the licensee of the local BP site. "We get people in here arguing over half a pence who'll go out to the pub at night and spend loads more on a round of drinks."

According to one Manchester oil man, "Southworth has had a penny before now and we know what happens. Our volume goes out the window and the licensees of our sites are in serious trouble. We can't allow that to happen."

But how can Mr Southworth, and independents like him, go on cutting prices? To some extent it is because of the way he runs his sites—staff-costs are kept tight and amenities limited.

A crucial factor is the support he gets from his supplier oil companies—so-called mini-majors such as Conoco and Amoco which have UK refining capacity but only a small share of petrol sales. They are, in Mr Southworth's phrase, "hungry for market share."

As a large independent, representing a sizeable proportion of their sales, he can negotiate good terms—credit of 30 days and substantial rebates off scheduled wholesale prices.

He also gets a measure of "price support"—a system which is crucial to the present warfare. Price support is a form of temporary subsidy given by the wholesaling oil companies at their discretion to the garages selling their petrol.

Broadly, the oil companies guarantee the retailer a certain gross profit margin on his sales—currently around 6p a gallon. If rival sites cut their prices, the oil companies agreed to compensate their retailer to do the same and thus maintain volume.

Such a system can acquire its own momentum: in some areas petrol which should be retailing for around 169p a gallon is receiving price support of 15p or more. "Price support" is costing the industry a small fortune—up to £3m a month in the care of the biggest companies.

But it is also a system which gives the oil companies immense power to control the structure of the retail market—and that is a major worry to the Motor Agents Association, the garage operators' umbrella organisation.

The number of petrol stations in the UK has shrunk from 38,500 in 1964 to 25,000 as sales have been concentrated at self-service sites with a high throughput. Along with this has gone a sharp rise in the number of stations owned by the wholesaling oil companies. In 1964 these "company-owned" sites accounted for only 25 per cent of the petrol sold in the UK and independent garage owners for 74 per cent. Last year the company sites accounted for about 54 per cent nationally—and well over 70 per cent in key urban centres.

Price support may accentuate this trend. The oil companies are not prepared to give it to many garages in rural areas or attended town stations which do not fit into their rationalisation plans. The MAA also suspects support is used to favour company-owned sites rather than independents in areas of hot competition—though the oil companies deny discriminating between their customers.

The net result, says Mr Stan Fryer, the MAA's man in the North-west, is to "hasten the decline of the attended petrol station in town and rapidly increase the decline of the filling station in rural areas. In a way, its the old story of the high street shop against the supermarket all over again."

Mr Mike Rose, who operates nine stations in the North-West, voices a common fear when he says: "Another few years of this and there will be just a big few sites left owned and operated by the petrol companies. That may or may not be an accident—but there's plenty in the trade who see it as no accident."

But will that necessarily be bad for the motorist? After all, competition between the oil companies is proving pretty effective now. Ah yes, says the MAA, but in the long run cartel forces will assert themselves.

High street shop and supermarket situation

Rubbish, reply the oil companies, if the industry could operate as a cartel we would end the price war tomorrow. But it doesn't and we can't—despite three attempts by British Petroleum over the past year to lead the way out of price support.

Certainly, it is hard to see how the oil companies can blame anyone but themselves for the current battle. Tony Southworth and others may exert a downward force on prices, but it is ultimately fierce competition among the refiners which determines the speed and depth of the drop.

As Mr Southworth, fresh from the battle of Wilmslow, puts it: "The oil industry will fight among itself almost to the point of self-destruction."

Conspiracy theories

THE CITY has not had such a cheerful week in many months. The simultaneous cut in interest rates in London, Frankfurt and Amsterdam has inspired every kind of speculation from the no-smoke-without-a-fire school of thought. There are two main theories in circulation.

The first is that the Europeans would never have made their move in a week which ends with crucial U.S. money supply figures, and is followed next week by a major U.S. policy statement, unless they Knew Something. The second theory is that this is a purely European initiative: the alliance is drifting apart, in monetary as in other matters, and the Europeans have decided in effect to float the dollar.

We are not going to endorse either theory, though we would judge that the independent European initiative is the more plausible of the two on offer. U.S. policy has always been preoccupied with domestic considerations, and never more so than in the past few days. The rival schools of thought are now arguing in the open, and Rep. Jack Kemp, who leads the gung-ho wing of the supply side school, is attracting more than usual support with his attacks on the Federal Reserve.

Worries

Mr Paul Volcker of the Federal Reserve has plenty of domestic worries: his own tenure of office and indeed the independence of the Fed itself, are under attack in Congress. He can have little attention to spare for international interest rates disarmament — though European developments are probably as welcome in Washington as they are here.

The European theory may be more plausible, for lower interest rates have become a priority Government target in Bonn as much as they are in London. At the same time, the theory is largely unnecessary. Trends in the exchange markets have created conditions in which the monetary authorities in both countries can afford to make a trial of lower rates.

The Germans, unlike ourselves, can also argue that their domestic monetary growth is so subdued that a cut in rates is justified in any case. In London, the move can only confirm the City's strong impression that whatever Ministers may say, policy is now more concerned with exchange rates than the money supply.

It remains to be seen whether this cheerful state of affairs can be sustained. The improved industrial scene, and the reduced demand for foreign securities by British savings institutions, argue in favour of sterling. Fears of a new peak in U.S. rates argue against. Given this balance of arguments, it was perhaps a little naive of the City to be quite so surprised when the Government decided to offer an indexed stock rather than a conventional one as its next step in funding.

Storm cone

The markets seem to regard an offer of indexed stock as a kind of storm cone—a desperate measure to be adopted when the market in conventional stocks is too weak to touch. It is true that any guarantee against inflation is especially appealing in hard times; but from the point of view of the Government rather than of the investor, this is by no means the most important argument.

First, the market seems to have overlooked the fact that even in real terms indexed stocks are at the moment a less expensive obligation than conventional long-dated stocks, except on very gloomy assumptions about future inflation rates. Until this week, long-dated stocks have been yielding 4 per cent above the current rate of inflation, 6 per cent above the forecast rates for the end of this year, and 8 per cent above the target rate for 1983. The new stock offers 2½ per cent.

Secondly, in cash terms debt interest on indexed stock is not 1 or 2 per cent but about 13 per cent cheaper than conventional stock in the early years. It is thus an attractive way both to cut the borrowing requirement—by some £90m next year on yesterday's issue alone—and place a bet on success in the anti-inflation programme.

Finally, there is quite a strong argument in market terms for letting the conventional gilts market have its head when it is at length recovering. The absence of a new offer can only increase the attraction of existing stocks. If all goes well, this is a way to get long rates down.

Confidence

The new stock, then, like the cut in interest rates, can be read as a sign of new priorities and reviving confidence in Whitehall. The money supply, as we pointed out last week, is at present being managed by means which do not involve pushing up interest rates, and the priority on money targets is clearly not as urgent as it once was.

The Government is concerned to nurture the recovery in output which has hesitantly begun, without undermining the value of sterling. Similar moves in Germany are helpful, but Ministers hardly need a conspiracy to persuade them to try such a relatively palatable regime.

Letters to the Editor

Language problem

From Mr Martin Levin

Sir,—What factor is responsible for communicators resorting to cliches?

Simple words seem to have been so over-used and no attempt made to look for alternative words to convey the message.

Among the previous words focused by the writer over the past few years, can be added: "clearly," and situation." During 1980 and 1981 there appeared to be a competition to utilise either or both of these words as often as possible

To start a sentence with the word "clearly" is aggressive in itself. It defies the receiver to argue against the statement, implying that if a counter-challenge is considered, the receiver is stupid.

Many times the omission of this now offensive adverb, will still convey the point — provided it has been specifically put.

As for "situation," sentences often reveal the lack of vocabulary of the user, especially when one considers the absurdity of the "situation" of "situation."

Take to the thesaurus, and perhaps with a little more careful fore-thought, avoidance of sentences beginning with "And," as well as those containing a string of abbreviated initial letters, can be achieved.

Martin Levin.
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Chingford, E4

Social science

From Dr R. Hudson

Sir,—Samuel Brittan (January 18) is correct to argue that there is a very strong case for the Social Science Research Council continuing to support work on macro - economic forecasting models of the UK economy. One might go further, however. It is well known that the impacts of economic growth and decline are not distributed evenly over the national territory and one of the most striking impacts of the recession within the UK has been to generate a new set of spatial economic problems and intensify existing ones, at both urban and regional scales. These in turn have had, or threaten to have, seriously destabilising political and social impacts. What does the future hold for the UK's problem inner city areas and regions? What can economic forecasting models tell us about these? While there have been attempts regionally to disaggregate existing macro-economic models (for example, by the Cambridge Economic Policy Group) these have generally been rudimentary, limited to one or two variables and large areas. Should not the Social Science Research Council also be encouraged to devote resources to developing a more sophisticated forecasting capability in this crucial area?

R. Hudson.
Department of Geography.
University of Durham

Use of air waves

From the Chairman, Air Call

Sir,—The radio frequency spectrum can be utilised to provide cost-effective communications services and to encourage a large electronic manufacturing base in advanced technologies. The radio spectrum above 30Mhz is substantially unused in many frequency bands. Defence has de facto access to the entire spectrum in time of peace or war, so there is little justification for large reservation of precious radio spectrum.

Satellites and microwave radio link systems can provide a much needed boost to the British economy in bringing new telecommunications services to commerce and employment in the manufacturing and service industries.

The Home Office radio regulatory department and previous radio services department of the Post Office has a disastrous record of wrong decisions, long term delays and errors in the administration of the radio spectrum, since the first post-war world administrative radio conference (WARC) in Atlantic City 1947.

The British Telecommunications Act 1981, has actually strengthened the powers of British Telecom extending the monopoly into information and other business areas. BT is following the same monopoly policies of the old Post Office, in fact it is the same people administering the monopoly. They are now claiming rights to control the "use that is made of communications" and even the "content of communications." They have effectively prevented the development of new line and radio systems.

Our company has just been sent a licence after two years from BT, against our expressed desire as we wished to be licensed by the Secretary of State under Clause 15 of the British Telecommunications Act 1981. This licence contains a long list of prohibitions and restrictions which would prevent any possibility of utilising satellite, microwave systems or Cable & Wireless's "Mercury" system.

We have consistently pointed out to the Minister that the DoI can and should grant an appropriate licence. It is ridiculous to expect the old monopoly staff to suddenly issue licences to their competitors. The combination of the BT monopoly and the Home Office radio regulatory department is creating a total fiasco.

This Government must act to issue a general waiver licence to permit real freedom of use of the BT network and get non-government advice on handling the telecommunications monopoly and radio frequency spectrum.

J. O. Stanley,
176/184 Vauxhall Bridge Road,
SW1.

Savers' loss

From Mr Geoffrey Price

Sir,—To my certain knowledge the men on the factory floor 40 years ago knew that talk of a salary of £500 a year was "swank", what mattered was the money in the pay packet. Today, what matters to those who provide another agent of production — the savers—is that the rate of interest after tax continues below the rate of inflation.

Your first leader of January 16 stated "market interest rates now show a large premium over rate of inflation . . . ." True enough in gross terms, but after tax the saver continues to lose in real terms. The saver is still in the position of a worker who receives a wage that is actually less than his/her tax liability, so that even to pay his tax bill he needs to sell his TV set and live on air.

Geoffrey Price,
Honorary Director,
The Savers' Union,
4, Broad Street Place,
Blomfield Street, EC2.

Collaboration

From Mr D. Walters.

Sir,—Mr Scargill accuses Mr Gormley of being a "collaborationist." It was my impression that the idea was for the unions to collaborate with the employers.

D. Walters,
"Greenmantle,"
45, Stratford Road,
Watford, Herts.

Industrial training

From Mr David Jenkins,

Sir,—Your correspondent's informative article about industrial training (January 11) was marred by one blemish. But this reminds us that there is still life in the hoary old chestnut that when there is plenty of work about Britain's economy is hamstrung by shortages of skill. In the past the MSC sponsored a number of studies into reported skill shortages. In each case the shortage proved to be illusory. Over five years ago in its document "training for vital skills" it acknowledged the weight of industrial opinion that the apparent problem could be explained by factors other than skill shortages; not least by the inefficient use of manpower.

Despite the current vogue among politicians for soothing words about improved productivity, the basic problems remain unresolved. Nothing—or very little—has changed. The last available official figures show that male manual workers put in more than six hours' overtime a week, and there are signs that high overtime has continued in many firms during the depths of the recession. It is, of course, a problem that has been with us for a very long time. It suggests that as soon as the economy picks up we shall hear again the familiar refrains about missed delivery dates, production bottlenecks and . . . shortages of skill.

This conclusion should have implications for the industrial training boards that remain. As they were originally set up to deal with a problem that wasn't there — skill shortages — it would make sense to direct them into tackling the problem that is. Surely the central task must be to help employers make the best use of the people they have, whether this be by training managers, introducing computer-based technology or by removing the barriers to productivity. Or should we conclude that common sense and industrial training, like oil and water, don't mix?

David Jenkins,
Chantrey House,
Lendlord Road, SW15.

Transferable votes

From Mr I. Cook

Sir. — Peter Riddell (January 14) does not bring out the fact that although the single transferable vote system (STV) has many merits as a measure of electoral reform, it is not in fact a system of proportional representation.

Proportional representation means that seats are proportional to votes. "Votes" means "first preferences." Yet STV is concerned only with the manipulation of second, third, etc., preferences. There is no reason why such manipulations should produce a result proportional to first preferences.

If we want proportionality, we should choose a method, such as the additional member system, which is designed to achieve it.

Ian Cook.
16, Nuneham Square,
Abingdon, Oxon.

Brokers' dealing

From Mr John Hollis

Sir,—In his letter (January 13) concerning "Maintaining the London Market," the chairman of the Stock Exchange states that in "the overwhelming majority of the world's stock exchanges brokers are not allowed to deal as principals at all." This is the most astonishing statement. Not the least astonished would be the American brokers who act as block-traders or the Japanese houses, the largest of which is featured by you in the same issue. The German and Dutch banks who play the role of stockbroker under their systems might also be a little surprised. The only important exchanges where Sir Nicholas' statement is true are those of the Latin countries of Europe and South America and those of the Commonwealth countries, other than Canada.

It is true that France, Spain and Italy have markets that are thin compared to the size of their domestic economies but the same could hardly be said of such countries as Hong Kong and Singapore. The problems of how to sustain a high level of dealing activity have much more to do with the methods of execution of orders in the market, for which some form of market-making machinery is essential, and very little to do with how the orders actually reach the market-makers. There is a respectable case to be made for giving the market-making machinery (in the case of London the jobbers) a privileged position in seeing all or the greater part of the business but this case is not advanced by spurious comparisons with the practice in other countries.

John Hollis.
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Ian Hargreaves in New York reports on why Hollywood has proved an irresistible attraction

Coke's $750m movie gamble

COKE IS the world's largest soft drinks company, claiming 35 per cent of the world market. Strong growth in both U.S. and foreign markets enabled the company to return an average of more than 21 per cent on equity in the 1970s. However, 1980 was weakened by bad weather in Japan, a price war with Pepsi in the U.S. and general economic weakness.

Growth resumed last year although its impact on profits was weakened by the strong dollar. Coke has also had a hard time sorting out its relations with its independent U.S. bottlers, whose performance is crucial to Coke's future.

Some now argue that the increasingly competitive U.S. market for soft drinks is saturated. So Coke has diversified into food, wine and other related activities, which now account for a quarter of its sales and 15 per cent of profits. The Columbia bid is the first attempt to enter completely new territory.

THIRTY-THREE years ago, a young Cuban, struggling to establish himself at the prim Cheshire Academy prep school in upmarket Connecticut found that the best way to master the English language and American manners was to go to the cinema.

Perhaps it was then that Roberto Goizueta, now chairman of Coca-Cola, acquired the taste for Hollywood which prompted him to make a friendly $760m bid this week for Columbia Pictures; an offer which, it can be said without exaggeration, stunned Wall Street.

For institutional investors, who have sold Coke stock heavily since the announcement and some of whom are murmuring about a shareholders' revolt to kill the deal, the shock is twofold: that Coke's venture into tinsel town tarnishes a stalwart stock at the low-risk, reliable growth end of most portfolios and that most of them feel Coke is paying far too much.

"The guy's gone Hollywood. He's gotten the Hollywood hustle," *says one Wall Street analyst*, who thinks Coke has paid 15 per cent more than it *should have*.

Mr Goizueta's response so far has been to emphasise the attractions of Columbia "for the long pull," noting its strength not only as the number four Hollywood studio, but also its activities in broadcasting and, even more important, in the promised land of cable television, Pay TV and what Variety Hollywood's newspaper, likes to call "that very expensive stuff called Columbian home video."

The closest Mr Goizueta has come in public to justifying the $77 per share price (based on *Columbia and Coke share prices* before the announcement, when Columbia was at $42) was his *characteristically flamboyant* comment that: "an acquisition is like a marriage. You look at the bride and you like her. She *comes from a good family. You think you're going to be happy with her. So the last thing you talk about is the dowry."*

That kind of talk is not exactly box-office in Wall Street.

But Mr Goizueta is not the only businessman with money to spend whose eye has lately been caught by the Hollywood neon. Twentieth Century Fox, with a price tag of $722m, last year joined the private fiefdom of Mr Marvin Davis, the Denver oilman. And Mr Kirk Kerkorian, the Las Vegas financier who is chief stockholder and guiding spirit at MGM decided, having failed to take over Columbia, to snap up from Transamerica a United Artists weakened by its $40m Heavens Gate fiasco. For the secretive Mr Kerkorian, that represented a complete change of tack from the early 1970s when he seemed to be doing everything in his power to drag the roaring lion of MGM away from films and *into hotels* and casinos.

On a different scale, but also intriguing, is the current boom in Wall Street — organised financing of pictures by private investors. There are now four public offerings on the go—they might be described as Hollywood unit trusts—designed to appeal to investors with enough income to profit from tax shelters if the films flop. One investment house, D. H. Blair has even hired a Hollywood man, Mr Joel Hochdorf to head a new film finance unit.

With all this money sloshing along Sunset Boulevard, there will eventually, without doubt, be more movies than the 100 turned out by the major studios in both 1981 and 1980. In Joel Hochdorf's opinion, the more the better: "There just aren't enough films in the market place," he argues.

The argument of all these people who are "going Hollywood" is that with pay television *in the U.S. already a $1.5bn* a year market and growing at 30 per cent a year, the films which *dominate* the "*software*" needed by this new industry will be a commodity in increasing demand. Pay per view, which allows cable companies with the most advanced technology to sell individual screenings like a cinema, will have a "dramatic impact in the near future" on the film industry, says Mr Frank Rosenfelt, chairman of MGM.

A corollary to this argument is that the value of the film libraries which all the big studios have in their vaults, will be greatly enhanced by these changes.

Columbia, whose *recent hits* have included Kramer vs Kramer, Stir Crazy and Stripes, *is sitting on* 1,800 films, *among* them the Marion Brando classic, On the Waterfront, Bridge on *the River Kwai, Dr Strangelove*, Easy Rider and Funny Girl. The company has tentatively estimated the value of this collection at $300m. Some put the figure at twice that and say that the larger, better quality MGM-United Artists library is worth three times Columbia's; but no-one really knows.

As an example of the potential re-cyclability of a successful film, Columbia points to Close Encounters of the Third Kind, the science fiction extravaganza which grossed $77m in American theatres, $50m overseas, $11.1m in an extended version re-release and $20m in fees from network, cable TV and videocassette licensing.

But *it is a first principle of* life in Hollywood that for every box office bonanza there are ten *duds. The sceptics go on to* argue that although Pay TV will produce business for Hollywood, *part of it will be at the expense* of sales to the networks. It is hard, for example, to imagine any *network in the 1980s* doing what NBC did two years ago; committing $10m for the right to broadcast Annie, Columbia's $40m film of the Broadway Musical which will be released this summer.

The facts, according to Wall Street analysts, are that Pay TV will generate about 15 per cent of Hollywood's revenues this *year and perhaps as much as* one-third by the late 1980s. Given that the average Holly*wood film today just about* covers its production costs from the cinema box-office, this suggests the industry is going to get a bigger helping of gravy in the years ahead.

There is no doubt, however, that the meat and potatoes will continue to be the cinema box-office, which, beyond the tragic chorus of small-town cinema managers, is a remarkably stable business. Ticket sales in the U.S. have come in at around 1bn for the past 20 years and the number of screens, because of the trend towards multiscreen theatres, has actually increased by about 1,000 to 17,600 since 1978. Last year, the U.S. box office took $3bn, up 8.3 per cent from 1980, according to Variety.

But stability is stagnation by another name and Hollywood's growth curve does *indeed look* like a strip of twisted celluloid alongside that of the soft drinks industry, which has given Coca-Cola until recently a reliable 4-6 per cent a year volume *growth* in the U.S. and double that in foreign markets. Wine, Coke's newest drinks business, *is growing at 10 per cent* a year. Given that on top of its basic lack of growth, Hollywood *offers* all *the thrills of losing* up to $40m at a throw if a major picture, such as Annie, *flops the reservations of the* portfolio managers about Coke-Columbia can be appreciated.

This means that for all the attractions of the "long pull," Coke's most important task in both the short and the long term will be to nurture the creative talent which provides Columbia's heartbeat, rather than trampling upon it or letting it run riot, which is what happened alternately at United Artists under Transamerica. Talent is and will always be the scarcest commodity in Hollywood and the biggest commercial talent of them all, George Lucas (Star Wars and Raiders of the Lost Arc), has turned his back on Beverly Hills for ever to set up his own picture-making compound near San Francisco *as an independent*.

Perhaps Coke, whose own *main business is immensely* sensitive to image, will understand this better than Trans*america, which is primarily* an insurance and financial services company.

If this first condition is met, Columbia should be able to build on the market share, which it increased from 10 to 14.5 per cent between 1977 and 1981. Coke will then also be able to turn its mind to funding expansion of the broadcasting and cable businesses, as well as to revitalising Columbia's loss-making Gottlieb arcade games subsidiary, which *is still hooked to earth in the* pinball wizardry of the 1970s rather than soaring in the *galaxies of the* electronic space invaders.

Coke, however, shows every sign of understanding these things. The company is obviously attracted to Columbia in part *because it is the least* Hollywood of the major film companies. It boasts the most *effective cost controls in a* business noted for its profligacy, one illustration of which was *to complete the successful* romance Blue Lagoon for a paltry $4.5m. Headquartered in *New York, Columbia's* president, Mr Francis Vincent, is a former Securities and Exchange *Commission lawyer*. Its eminence grise is Mr Herbert Allen, the latest patriarch from the old *Wall Street family who now*, as a member of the Coca-Cola board as well, will be able to *step up his Clash of the Titans* with Kirk Kerkorian, if MGM will excuse the breach of copyright.

It would also be a mistake to think that Mr Goizueta has rushed, without reflection, into diversification for its own sake. Only in September, he gave a speech castigating the "self-indulgent hyperactivity" of the merger wave.

In the same speech, wisecracking about the Coca-Cola legend, he *commented*: "I am all in favour of legends, however, what I am equally in favour of is the *Coca-Cola ledger*, which shows growing profits and an above average return to our shareholders."

Now Mr Goizueta has two legends. He has also, only 11 months after snatching the Coke chairmanship against considerable odds, walked on to the waterfront with a swagger which Marlon Brando would have been proud of. His reputation and his future depend upon what happens next.

THE TWO COMPANIES COMPARED
(in $m)

COLUMBIA	1977	1978	1979	1980	1981
Sales	354	509	545	692	687
Net income	34.6	68.8	39	44.9	44.3
COCA-COLA					
Sales	3,619	4,338	4,961	5,912	—
Net income	331	374	420	422	—

Weekend Brief

A second model agency collapses

Two of the creditors: models Jilly Johnson and Cela Wise

IT COULD be a long time before the dust settles in the volatile modelling world following the collapse of two leading London agencies.

Within four weeks of each other, Bobtons, one of the top three prestige fashion names, and Peter Benison and Donald Langdon Ltd, an actors' agent with models on the books, ceased trading with deficiencies of some £90,000 and £70,000, respectively.

More chillingly, numbered among the posse of creditors are the very people the agencies claimed to represent — actors and models could lose thousands of pounds in the process. A spokesman for the Association of Model Agents which represents some 23 agencies commented: "Any agency can go into liquidation but models should not lose their money."

Jose Fonseca, co-owner of top agency Models 1 Elite for the past 13 years, said of Bobtons: "It's incomprehensible. Something like this should never happen. It's terribly bad for the business."

Coming just before Christmas at prime spending time and with tax returns pending, the Bobtons crash brought bad tidings to top models like the McLean twins (recently seen advertising Wrangler jeans) who claim to be owed about £4,500, Jilly Johnson (the Vauxhall cars girl) who is owed about £3,500, Lucy Escalante (the Quant girl) about £2,000 and Jilly Herbert (the Playtex bras and Avon girl) more than £6,000. Some 30 girls are owed more than £500 and 12 men more than £400, according to an approximate statement of affairs at the time of liquidation given to creditors this week. In total the sum outstanding to models is about £80,000.

Most of the income stems from commercial repeats which models have no way of monitoring. However, once the liquidation news was out they contacted the advertisers concerned and were assured that payment had been made to the agency. Many of the girls have appointed a solicitor to act for them, but chances of recovering all the money are very much in the balance.

News of the Bobtons crash may not have come as a total surprise to the models. Back in mid-summer sole director Gillian Bobroff had circulated a letter denying rumours of financial instability after some of the models had left the agency apparently "unhappy with methods of payment."

"Some of my money was owed to me for well over a year," says 22-year-old Jenny McLean. "It's naughty. You're not supposed to hold models' money for more than 10 days (required to clear cheques) after the client has paid the agency. I'm just angry because we worked steadily for three years for them and had trust in them."

Financing an agency is no simple matter. It's well known that agencies often have to fight hard to extract payment from their clients. Advertising agencies and magazines are notoriously slow and it can be up to six months before a job is settled. Normal practice is to run two accounts, as solicitors do, the model's account which holds her fees minus the agent's commission (20 per cent) which goes into the office account.

Recent events have struck a raw nerve in a business where the working life of a top model averaging some £400 to £500 a week can be a brief five years and where you can be past it at 28. "It's a myth that our business makes fortunes," says Laraine Ashton whose agency is backed by Mark McCormack, the American entrepreneur who manages a galaxy of sports and entertainment stars.

It's a widely held view that Britain is "overmodelled." "Many girls are unfairly taken on to books and told they can *make a go of it. Some girls* earn no more than £5,000 a year."

Jose Fonseca adds: "Our models are the lowest paid in the world. For instance, in New York a girl can earn between $1,500 and $2,000 a day. Here it's £100 for a full day's work for magazines and £250 for commercials."

The Peter Benison crash has affected about two dozen Equity members who are owed jointly some £43,000. These include Emma Jacobs (daughter of David Jacobs) who is owed about £1,400 and William Rushton £92, according to estimates. A spokesman for Equity which is represented on the committee of inspection (whose job is to check the progress of the liquidation) says "It appears that the company was trading on the clients' (i.e., artists') money which under the Employment Agencies Act is not allowed. The money an agent holds for his artists should not be used to run the company."

Chances of recovery are precarious since the actors are not preferential creditors like the Inland Revenue. However the union is ready to fight. "We'll do our best to get the money back and are considering other legal gambits," said the spokesman.

According to the liquidator appointed to handle the Benison case, Mr Brian Chandler of chartered accountants Bleasdale and Chandler, the company had come under new management six months earlier when Mr Benison left for Australia. It then transpired that no accounts had been kept for the previous two years and in an attempt to set the books straight a trust account for the artists was set up. But in the end the pool just wasn't sufficient.

Back on the circuit, however, agencies report that business is flourishing. Indeed the tears had scarcely had time to dry when most of the ex-Bobtons girls realigned under Carole White, a former "booker" (the agency girl who arranges a model's bookings) at Bobtons. She took one company on hearing of the liquidation and taking the top 40 girls with her formed Premier.

Michelin's record two chefs

For some it is the money, for some the pride but, for the small group who are counted as the great chefs of this world success is a small flower—the Michelin rosette. The Roux brothers, French born but now thoroughly Anglicised, have managed to acquire six of them this year, more than is held by any other family in Europe. Their gastronomic flagship, the Gavroche in London's glossy Mayfair, has been named the best restaurant in Britain and given the ultimate Michelin accolade, a third rosette of its own. "For me it is an Olympic medal," says Albert Roux, the brother who has the day-to-day running of the Gavroche itself.

The Roux brothers are no absentee cooks. Every night they take their places in their own kitchens—Albert at the Gavroche and younger Michel at the Waterside in the bucolic setting of broker-belt Bray. The Gavroche has 45 staff to cook for and serve the 80 people it can feed each evening (the staff-customer ratio at McDonalds must be a thousand times greater) and meeting Michelin's three rosette demand for "faultless service" as well as superb food means considerable management as well as culinary skills.

Albert, a stocky 46-year-old, came to Britain almost by accident. He had trained as a pastry cook and a friend who was catering for the Windsors in Paris pointed him in the way of a job cooking for Lady Astor in London. The British connection remained since those times in the early 1950s when Albert went on to the kitchens of the French embassy in London and, after military service, to the British embassy in Paris.

While Albert moved on to be chef for Major Peter Cazelet, brother Michel, who is five years younger, was in the kitchens of Mlle Cecile de Rothschild. Friends on both sides, under the leadership of banker Michael von Clemm got together in 1967 to back the brothers in their first London hotel venture, the Gavroche, then based in Chelsea.

The kitchen at the lower Sloane Street location was—and still is—tiny—but over the years the Roux lads attracted both clientele and Michelin acclaim. The restaurant moved to its present spot only last year, when the former Gavroche became a bistro, Gavvers, but still part of the Roux empire. "We slaved our guts out," says Albert, displaying his grasp of Anglo Saxon colloquialisms. "We did not win that rosette this year. The seed was planted when we first opened."

The brothers are still choosy in what they regard as the basis of their success—ingredients. A 16-tonne refrigerated Roux lorry makes a weekly trip to France for such items as cheese and fruit. "France has the ideal climate for commodities. If the commodities are not right, the meal will not be right." In Britain they pay "well over the odds" for the right quality of beef, lamb and veal "grown the way I want it."

Last night diners were offered freshly caught salmon. "Perhaps six people will have it, and maybe five of them will realise that they have had something special. For me that is enough." The only thing that can rivel a Michelin star, apparently, is a pleased customer.

Albert reckons the additional rosette will not go to his head. "We will just keep up our standards. We will not push up prices (around £60 for two for dinner with wine) and not replace the knives and forks with pure silver."

Contributors:
Feona McEwan
Arthur Sandles

Economic Diary

MONDAY: UK trade figures for December. Two-day EEC Foreign Ministers meeting in Brussels. New vehicle registrations for December. Polish Government meets for the first time under martial law. Local authority manual workers discuss pay offer. Institute of Fiscal Studies conference on Local Government Finance at Glaziers Hall, London SE1. Yorkshire miners' executive meeting.

TUESDAY: Three-day meeting of the EEC Economic and Social Committee in Brussels. Provisional unemployment and unfilled vacancies figures for January. Bricks and cement production figures for the fourth quarter. Miners' pay talks. President Reagan gives his State of the Union address. Mr Alexander Haig, U.S. Secretary of State, meets Mr Andrei Gromyko, Soviet Foreign Minister, in Geneva. Nurses submit pay claim. Ministry of Agriculture issues consumer committee report on milk.

WEDNESDAY: Two-day rail drivers' strike planned. House of Commons debates employment and the House of Lords discusses the European Monetary System. TUC General Council meeting. Irish Budget.

THURSDAY: Energy trends. Final unemployment and unfilled vacancies figures for December. Employment in production industries in November. Overtime and short-time working in manufacturing industries in November and stoppages of work due to industrial disputes in December. Quarterly estimates of employees in employment during the third quarter. House of Commons debates Government's economic policy. Pay talks resume between British Gas and manual workers. U.S. trade figures for December.

FRIDAY: Sales and orders figures for the engineering industries in October and the final December car and commercial vehicle production statistics. Lord Carrington visits Indonesia at the start of a two-week tour of the Far East.

UK COMPANY NEWS

BOC to continue heavy spending

CONFIDENT THAT the group will meet the challenge of "a difficult year for most businesses throughout the industrialised world," Mr Richard V. Giordano, managing director and chief executive of BOC International tells members in his annual review that earnings will again improve in 1981-82.

Cash flow and balance sheet are stronger than they have been for a number of years, he states, and there are lines of credit at favourable terms that are more than adequate to meet all foreseeable needs for capital.

"Therefore, we will persevere in our programmes to build for the future."

During the year ended September 30 1981 the group, which is involved in industrial gases, welding products, health care, and carbon graphite products, spent £152.3m (£134.4m) for capital projects—59 per cent was spent for new plant and distribution equipment for gas business worldwide, and 14 per cent for modernisation and expansion of the carbon graphite plants in the U.S.

A geographical split of the total expenditure shows: UK £95.5m (£78.7m); Rest of Europe £3.7m (£4.3m); Africa £25.1m (£12m); Americas £65m (£54m); Asia 29.7m (£0.9m); Pacific £21.8m (£16.5m).

Mr Giordano says he expects the group to spend some £250m in the current year. About 45 per cent will be spend on the continued expansion of the gases businesses in all the markets the group serves, "except the UK where we have ample capacity for the foreseeable future."

Directors approved during 1981, and commenced work on, a major expansion and vertical integration of the carbon and graphite business. "These are the largest capital projects that the group has ever undertaken," he points out.

The group is buildin ga greenfield facility for the manufacture of graphite electrodes to serve the domestic U.S. as well as export markets, and subject to final environmental permits a site in Ridgeville, South Carolina, has been selected. The directors estimate that the first phase of this new facility will cost about £70m.

Directors also plan to start work soon on a new needle coke plant, which will be heavily dependent on reliable sources for large volumes of feedstocks from oil refineries and petrochemical plants.

This plant, which in order to be near low cost sources of these feedstocks, will be located in Seadrift, Texas, U.S. It will cost some £65m, and be on-stream in 1983, Mr Giordano says.

As reported on December 15 final quarter pre-tax profits of the group expanded from £13.5m to £29.7m and boosted the full year's figure to £82.7m, some 50 per cent higher than the previous period's £61.5m. Sales grew from £1.19bn to £1.52bn and thedividend is stepped up to 5.11p (4.62p) net per share with a final of 2.8p.

In the UK the chief executive says that physical volumes of most of the products and services, which had already declined during 1980, continued to drop in 1981 by an average of about 6 per cent.

Welding equipment and consumables were the hardest hit product lines. The group continued to suffer losses in this business and the problems of restoring profitability "is one of our highest priorities," Mr Giordano adds.

Because of this dramatic drop in demand, cost reduction programmes were conceived and implemented which had the effect of reducing the UK employment by 2,700 people during the year.

"We believe that after the completion of these programmes and the reorganisation of activities they imply, we will have suffered no decrease in our capacity to produce, distribute and sell our products in the UK," he states.

As a result of significant improvements in productivity and the simplification of the portfolio of businesses managed by BOS Limited, profits from this sector showed an increase during the September 1981 year, Mr Giordano adds.

At the year end net borrowings amounted to £516m (£473m) and represented 35.3 per cent of total capital employed. This is a reduction compared with a year previous and directors consider the level acceptable.

Total expenditure on research and development was £19.2m for the year, a 22 per cent rise on 1979-80.

Sir Leslie Smith, chairman, says he has no fears for the future of the group and that its ambition now is to achieve consistent growth in financial performance, and to reflect this in a consistent dividend policy.

Emoluments of Mr Giordano amounted to £477,100 (£371,400) for the year and those of the chairman were £121,000 (£88,400).

Meeting, Lyric Theatre, Hammersmith, W, on February 17 at 3 pm.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Camford Eng.	Nil	—	Nil	Nil	1.63
DOM int.	1.48	Feb 26	1.48	—	4.28
Haynes Publishing int.	3	April 30	3	—	8
London & Montrose int.	1.25	April 1	1.2	—	3.76
Midland Trust int.	2.45	March 1	2.45	—	6.3
Sterling Inv. Tst.	6.5	April 8	6.5	9.5	9.5
Stirling Group int.	0.4	March 31	0.25*	—	0.6*
U.S. & General	7.5	March 26	6.5	11.5	10.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Hambro Life premium expansion

A 21 PER CENT rise in annual premiums, from £55.2m to £66.7m, and a 47 per cent increase in single premiums, from £72.4m to £106.4m is reported for 1981 by Hambro Life Assurance. New initial commissions, which the company regard as the best overall index of measuring new business, rose by 25 per cent. New sums assured were one-quarter higher at £2.85bn.

New annual premiums on self-employed pension business rose by more than half to £15.8m, while new annual premiums on life assurance contracts were 17 per cent higher at £31.5m. However the increase in new annual premiums on executive pensions business rose only 8 per cent to £19.4m.

All sections of single premiums business were buoyant. The main stream investment bonds showed a 30 per cent growth to £72.6m and the home income plan more than doubled from £10.2m to £24.4m following the Government's move to allow the option mortgage scheme to apply to these plans. Sales of single premiums on executive pension plans were nearly 50 per cent up at £9.4m.

Total premium income last year improved 31 per cent from £241m to £316m and total assets at the end of 1981 amounted to £1.4bn against £1.12bn at the beginning.

● **comment**

Hambro Life's new business figures for 1981 show good growth over the year in both main sectors of its business—life and pensions. Yet the growth rate has been slackening over the year as measured by the New Initial Commissions. This was 31 per cent higher at the six month stage, but slowed to 21 per cent in the third quarter and 17 per cent in the final. However, Hambro had warned about the slow down and the final results are in line with expectations and will above the industry average. Prospects still appear good and the company is expanding its direct sales force, which accounts for the majority of its business. The shares finished 14p lower yesterday at 321p, pulling down the price of Hambros 9p to 146p in the process. Hambros owns 44.8 per cent of the equity of Hambro Life. But this reflects profit taking following a strong rise in the past few days rather than disappointment in the results. A 20 per cent rise in dividend to 11.5p net is anticipated giving a yield of 5.1 per cent.

Dom Hlds jumps to £331,145

RATIONALISATION carried out in all parts of the Dom Holdings group resulted in increased first half profitability. In the six months to September 30 1981, this retailer and manufacturer of fixing products, more than doubled taxable profits from £142,310 to £331,145 even though sales fell by 8.5 per cent from £7.11m to £6.51m.

The interim dividend is being maintained at 1.479p net per 10p share. Last year a total of 4.278p was paid from pre-tax profits of £110,823 (£1.43m).

Looking to the current six months Mr D. O. McIntyre, chairman says sales have met his his expectations, but a prolonged spell of bad weather could affect the final outcome.

Despite optimistic reports on the recession in the media, he feels there will be no early change in current trading, but he is confident that the group will return to steady growth.

A major contribution to the downturn in sales was overseas, he says, while the increased profitability was helped by continuing improvements in the existing product range and the introduction of new lines.

Tax for the six months took £117,504 (£39,274), leaving net profits of £213,641 (£102,936).

Hayters' profits lower at £0.6m

A SLIGHT fall from £724,000 to £624,000 in pre-tax profits is reported by Hayters, grass-cutting machinery manufacturer, for the year to September 30 1981. Turnover was also lower at £5.45m compared with £5.73m.

The pre-tax figure was struck after an exceptional debit of £96,000 which relates to abnormal losses realised during the year on disposal of stocks—a substantial part of which had been specifically designed for an Iranian contract.

The directors say that orders for grass-cutting equipment continue to be satisfactory.

There was a tax charge for the year of £183,000 (£49,000 credit), and stated earnings per share are 19.2p (32.9p). The final dividend is 8.625p, making a net total of 16.125p (30p) on increased capital On a CCA basis, pre-tax profits were £345,000.

Hayter's shares are dealt on the Unlisted Securities Market.

● **comment**

In contrast to the alarums and excursions in some other sections of the Unlisted Securities Market, new entrant Hayters has duly met its prospectus forecast with a fraction to spare. The shares added 5p yesterday to 162p and now stand 12p above the placing price. The outlook is said to be satisfactory even if the group has yet to make the decisive break in product or, perhaps, management to start pulling up many trees. But for now, so good. The point that the market may care to remember is that, while Hayters was forecasting later on in its financial year than other recent USM fallers and its business is more to do with marketing a proven product than high risk technical innovation, the group was by means alone in making a satisfactory debut last year and institutions are gradually joining its register. USM should, and can, continue a useful function.

UNICHEM

Preliminary unaudited results of UniChem, the UK's largest pharmaceutical wholesaler, show turnover up by 26 per cent from £167m to £214m in 1981. This is excluding travel.

During 1981 monthly profit share to UniChem members exceeded £12.5m, a 25 per cent increase on 1980, and the final distribution is expected to exceed £2m.

Mr Peter Dodd, the managing director, says 1982 promises to be an exciting year for independent pharmacies with the potential benefits for both new and existing members with the impending action against the Department of Health

CHURCHBURY SCHEMES GET APPROVAL

At meetings of the Churchbury Estates' holders of the 6 per cent 1985 and 7½ per cent 1987 convertible unsecured loan stocks of Law Land, the extraordinary resolutions approving the schemes were carried unanimously in each case on a show of hands.

Proxies received in favour of the 6 per cent scheme amounted to 98.5 per cent and in the case of the 7½ per cent scheme, 95.1 per cent.

Results due next week

Following Gestetner's disappointing figures last week, the market is prepared for another decline in pre-tax earnings from Rank Organisation which reports preliminary results for the year on Monday. Analysts' predictions cut a wide swathe, ranging from £81m to £93m for the year ended October 31, against £111m last year. The difference is not over Rank Xerox, which is expected to contribute between £75m and £77m for the year against £89m last time due to a weakened underlying profit trend and adverse currency movements. The disagreement is over the Rank subsidiaries which include some volatile businesses with a history of going wrong. Analysts agree on a pick-up overall in the current year to perhaps £100m to £110m, and believe a maintained final is a sure thing. Rumours of a possible bid or spin-off appear to have subsided.

It is John Brown's privilege to go through the financial year without issuing interim figures, the reason being that a long gestation period for gas turbines makes any six-months' profits sufficiently arbitrary to be misleading. So all that is expected on Friday — unless the group should decide on a cosmetic change of practice — is a forecast for the year to March 31. When John Brown raised £25m last autumn, the rights issue probably assumed pre-tax profits of around £16m against last year's £13.4m, but nothing was promised. Fortunately, as it turned out, in view of December's news that the machine tool business had been deteriorating rapidly, the "sensational" collapse of demand for multi-spindle machines was being compounded by management shortcomings. In addition, Craven Tasker — the trailer subsidiary — began to miss its budgets. Altogether, analysts took one look and decided to cut their forecasts down to £12m or so, while hoping for better things — perhaps £20m — in 1982-83. In the last few days, American embargoes on components for the turbines John Brown is building for export to Russia have cast a shadow on that too.

Unlike John Brown, Davy Corporation publishes an interim profit and loss account. But it is at least as misleading as the statement which Brown avoids making. Last year, Davy transformed a six month total of £6.1m before tax into a final of £18.8m. Although there is some feeling that the successful defence against an unwelcome bid from Enserch may have caused Davy to pull some profits forward from the current year, analysts are still projecting a respectable advance for the year to March: £22m is about the middle of the range. Orders have built up well, headed by the celebrated Indian contract, and as a result there is a more satisfactory load for Davy's extensive manufacturing base in the UK. The most pressing worry is that Davy's operations in the U.S. — where McKee has been performing well — may turn sour along with the rest of the American economy. Still anything above £9m next Tuesday will be taken as evidence that Davy is on course.

Buoyant profits in the 64 per cent owned Malaysian subsidiary lifted Inchcape's pre-tax, but depressed the group's profits at the attributable level last year. In the first half of the current year, Malaysian profits have fallen substantially and so are now hurting the group results above the line. Analysts expect Inchcape, which reports interim figures on Thursday, to show pre-tax profits down to about £35m compared with £39.1m last time. But the dividend is likely to be held.

The chairman of Associated Dairies said at the annual meeting in October that the Allied Carpets subsidiary was having a most difficult time but volume in the Asda stores was ahead and the group expected a profit improvement in the first half of the current year. Probably the most significant factor in any improvement will be the increase in interest receivable following the £5m rights issue a year ago and the sale of nine provincial Ukay stores to Harris Queensway last May. Asda's interim figures are due on Wednesday and pre-tax profits are expected to be about £26m compared with £22.8m last time.

After the recent fiasco at Smith St Aubyn, which had to raise fresh capital after losing all its shareholders' equity on the gilt-edged market, there may be some apprehension as other discount houses come to report. This week, the market is looking for reassurance from Alexanders (on Monday) and the market leader Union (on Wednesday).

Other companies to publish their results next week include Allied Textile (final, Monday), Fitch Lovell and Mercantile House (interims on Thursday and Monday respectively).

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Alexanders Discount	Monday	5.5	11.5	5.5
Allied Textile Companies	Monday	2.82	4.42	2.82
Ashdown Investment Trust	Tuesday	1.8	4.4	1.8
Bullough	Wednesday	4.2	6.55	4.2
Dunbar Group	Tuesday	3.1	3.1	3.75
Edinburgh American Assets Trust	Wednesday	—	0.8	—
Eurotherm International	Wednesday	1.5	3.0	1.5
Evode Holdings	Thursday	0.49	1.19	0.539
Henlys	Thursday	3.0	3.0	3.0
Hill & Smith	Thursday	0.91	2.27273	1.0
Kershaw (A.) & Sons	Monday	6.0	15.75	6.0
Meggitt Holdings	Monday	0.42	0.42	—
Pratt (F.) Engineering	Thursday	2.2	3.8	2.2
Rank Organisation	Monday	4.8	6.0	4.8
Union Discount Co. of London	Wednesday	9.0	14.0	9.0
Vantage Securities	Tuesday	0.25	0.75	0.25
Warner Estate Holdings	Friday	3.0	3.5	3.0
INTERIM DIVIDENDS				
Associated Dairies Group	Wednesday	1.3125	1.5	
Banks (Sidney C.)	Tuesday	2.0	4.25	
Brown (John)	Friday	1.75	2.5	
Dawson Holdings	Wednesday	1.225	2.625	
Davy Corporation	Tuesday	2.0	4.7	
Fitch Lovell	Thursday	1.481	3.71	

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
Garford-Lilley Industries	Thursday	0.25	1.1	
Hellite Holdings	Thursday	2.5	5.25	
Hambro Trust	Tuesday	1.35	3.49	
Inchcape	Thursday	7.15	11.0	
Longton Industrial Holdings	Friday	—	1.0	
Macarthys Pharmaceuticals	Tuesday	2.0	5.0	
Mercantile House Holdings	Monday	2.5	6.25	
Neepsend	Friday	—	0.1	
Palmerston Investment Trust	Monday	0.594	1.406	
Priest (Benjamin) & Sons (Hldgs.)	Tuesday	1.694	0.7	
Pullman (R. and J.)	Wednesday	1.03	2.78	
Scottish, English & European Textiles	Friday	0.9	2.1	
Smith (David S.) Holdings	Monday	2.5	4.5	
Sommerville (William & Son)	Monday	0.55	0.55	
Stewart Plastics	Wednesday	0.68027	1.2628	
Vibroplant	Friday	5.25	9.275	
Wellman Engineering Corp.	Thursday	1.6	1.75	
Wholesale Fittings	Friday	1.1	3.025	
INTERIM FIGURES				
Fashion & General Investment	Wednesday			
Ferguson Industrial Holdings	Tuesday†			
Somportex Holdings	Tuesday			

* Dividends shown net pence per share and adjusted for any intervening scrip issue. † Third quarter figures.

BIDS AND DEALS

Ward 'willing to negotiate higher bid with RTZ'

BY DUNCAN CAMPBELL-SMITH

Thos. W. Ward made a surprise move in its struggle against the takeover bid from Rio Tinto-Zinc by announcing that it is now prepared to enter discussions with the bidder to try to negotiate a higher price which it could recommend.

Mr Peter Frost, Ward's chairman, said he would sit down to talks "any time, any place." This now seemed to be Ward's most realistic course and it would be *in the interests of both the* businesses and employees of Ward to settle RTZ's bid "on an amicable basis."

RTZ, which by yesterday morning had acquired 41.34 per cent of Ward's shares in the market, reacted coldly to the suggestion. The company said agreement on the terms of a higher bid appeared "inconceivable in view of earlier financial claims made by Ward."

RTZ accordingly advised Ward shareholders that rejection of the 225p cash bid on the loan stock alternative amounted to speculation on "the remote possibility" of a meeting between the two boards "at some unspecified time in the future."

S. G. Warburg, adviser to Ward, said it had talked to the Takeover Panel and been reassured that a recommended bid would represent one of the circumstances in which the panel would agree to waive Rule 35 of the Takeover Code. Under this rule, RTZ would have to wait 12 months before bidding again for Ward in the event of its bid lapsing.

Ward's advisers, stressing that it was impossible to give any idea of what might be acceptable terms, said the companies "would not so much be breaking new ground as uncovering some little seen ground."

The Takeover Panel confirmed last night that a new bid could proceed if recommended, though the present bid would have to lapse first. "We cannot think of a precise precedent for this case," said the panel, "but this kind of exception to Rule 35 has always been a principle of the code."

Explaining his change of attitude, Mr Peter Frost said he wished to avoid 12 months of uncertainty for Ward and its employees if this was possible. "There was no point in taking up the chance of talks until the present impasse was reached. But RTZ already has negative control of the company."

He said this was critical in view of Ward's plans to bid for Tunnel Holdings. Any future talks should also be aimed at reaching an agreed price for RTZ's proposed bid for Tunnel.

Morgan Grenfell, adviser to RTZ, dismissed the idea of talks as "a clever device but a complete red herring." RTZ's brokers had succeeded by the end of yesterday's trading in picking up several thousand more Ward shares.

The offer closes on January 26.

See Lex

67 Pricerite stores for Argyll Foods

Argyll Foods, which last year was unsuccessful in its bid for Linfood Holdings, is buying 67 Pricerite discount stores from BAT Industries, the tobacco, retailing and paper group, for £3m.

The stores, which form part of BAT's retailing subsidiary, are being acquired by Lo-Cost Stores, an Argyll subsidiary, together with a distribution depot at Chester.

Lo-Cost will also acquire the trading and depot stock of the Pricerite business at a price not exceeding £3.5m.

The stores, which have an annual turnover of £34m, are based in the Midlands, the North, West and Wales. At the beginning of 1980 BAT sold its Pricerite outlets in Southern England and also disposed of Kearley and Tonge, the loss-making food wholesaling side of International Stores, to Booker McConnell for £10m. The remaining 52 Pricerite stocks were sold in 1980 to Fine Fare.

Argyll's Lo-Cost Stores operates 107 supermarkets. With the exception of seven in South-West England, the stores are mainly located in the West Midlands, Wales and North-West England.

Argyll says that the acquisition of the Pricerite business will complement Lo-Cost's present activities both geographically and operationally, and will increase Lo-Cost's turnover to over £100m.

The company says that a limited number of the stores may be converted to Cordon Bleu freezer centres.

Linfood announced yesterday that it had agreed to purchase Bishops Stores' cash and carry subsidiary, HBT Trademarkets for a cash consideration. The HBT Trademarkets' business is conducted from eight depots and the leases of these will be passed to Linfood.

Common Bros. sells two tankers

Common Brothers, the quoted shipping company based in Newcastle, has sold two petroleum products tankers for £16m in cash as oil freight rates continue to be depressed.

The two 32,000 deadweight ton ships, built by Swan Hunter on the Tyne, have been chartered back by Common for eight years.

At current freight rates, the company said, these charters would lead to an initial trading loss. But the board felt that in the long term the decision would be in the company's best interests.

Some £3m of the sale price has been left outstanding as a loan to the purchaser, the name of which has not been given. Common intends to give shareholders full details later on.

Common said the sale proceeds would be used partly to repay outstanding borrowings on the two ships, the MV Strait of Canso and the MV Simonburn, both built in the 1970s.

The funds would also go towards providing security for other business in substitution for one of the vessels sold. The balance of some £7m will be used for working capital.

Another quoted company, Ropner Holdings of Darlington, yesterday said it was buying two 27,000 dwt general bulk carriers for $11m (£5.8m) each. It has arranged an $8m loan for each vessel.

The two carriers, built in 1974, are on time charters to a subsidiary of Broken Hill, the Australian steel and mining company, until 1989. Ropner did not name the seller.

BERKELEY HAMBRO PROPERTY

The offer by Town and City Properties for Berkeley Hambro Property has been accepted in respect of 15,453,721 ordinary shares (approximately 91.1 per cent).

This includes election for the cash alternatives in respect of 2,375,515 ordinary shares and 325,072 convertible cumulative preference shares.

The offer for the preference stock has been accepted in respect of 681,385 units (approximately 82.6 per cent).

Having received acceptances in excess of 90 per cent in value of the ordinary shares of Berkeley Hambro, Town and City intends, should the offers become unconditional in all respects, to compulsorily acquire the outstanding ordinary capital.

NORTH KALGURLI ACCEPTANCES

Metals Exploration has received acceptances for 13.65m shares (25.27 per cent) in response to its partial A$1.50 cash offer to raise its stake in North Kalgurli Mines from 20 to 35 per cent.

G. M. CALLENDER

In recommending the offer by Colas for George M. Callender, Mr Basil Engert, chairman, says that although the audited accounts for 1981 will not be available for some time, he confirms that, as foreshadowed in *the interim statement, there has* been a significant recovery in the second half of the year.

However, taxable profits (before minority interests) will still be substantially less than the previous year.

The directors believe that, in the absence of an offer, a price of 85p per existing ordinary share would not be likely to be achieved in the foreseeable future.

SUN LIFE ASSCE.

Liberty Life Association of Africa, the largest proprietory life company in South Africa, has increased its holding in Sun Life Assurance to 12,135,000 — 21.07 per cent of the equity. These shares are held by its subsidiary Transatlantic Insurance Holding.

Croda launches attack on Burmah Oil bid

Croda yesterday launched its defence against Burmah Oil's 70p cash bid with a letter to shareholders setting out the dangers for Croda, as the board sees them, of the company being absorbed within the Burmah group.

Sir Freddy Wood, Croda's chairman, says he hopes that Croda's shareholders "will feel a long-term responsibility towards the business" and that its board's deep concern will therefore be relevant.

A second letter, detailing Croda's own position and financial future, is promised for Monday.

The letter claims that no other UK-listed industrial companies with net tangible assets over £50m have as heavy borrowings as would Burmah, in the event of its bid succeeding. An adjusted figure of £248m is cited for Burmah's capital and reserves. Total borrowings, it says, would amount to £439m.

Sir Fredy warns that Croda could face at least partial dismemberment and draws unfavourable comparisons between the present bid and past acquisition strategies by Burmah.

He concludes that there is "no single commercial argument" for Burmah's offer.

Mr Campbell Anderson, Burmah's managing director-elect, said he had not seen the full text of the letter. However, it semed quite apparent that Sir Freddy "is having understandable difficulty in rejecting the offer—which we think fully valued and, contrary to Croda's assertion, well within Burmah's financial means."

NCC/SIMPLICITY

NCC Energy plans to make a new merger offer to Simplicity Pattern Company, Mr Graham Ferguson Lacey, the NCC chairman, told the Simplicity annual meeting.

However, he did not specify what the proposal would contain.

NCC owns 20 per cent of Simplicity; their merger agreement was terminated last November because Carl Icahn and associated companies had acquired 13 per cent of Simplicity and indicated that they would vote against the deal.

ROSEHAUGH CO.

Mr Godfrey Bradman, chairman of Rosehaugh Company, tells shareholders in a letter that the company's 21.4 per cent holding in London Shop Property Trust was acquired on advantageous terms and, for the present, continues to be held as a fixed investment. "No decision has been made by your board on the acquisition of further *shares in London Shop or on the* disposal of the existing investment," he says.

Rosehaugh's bid for London Shop was frustrated when London Shop holders approved plans for a merger with Beaumont Properties.

REDLAND/HAFOD GRITSTONE

Redland subsidiary, Redland Aggregates, has acquired Hafod Gritstone, a private company producing high quality gritstone. Purchase price was £508,856, mainly satisfied by the issue of 269,056 ordinary shares of 25p each of Redland, ranking pari passu with existing issued shares.

The gritstone produced by Hafod will complement the skid-resistant gritstone produced at Redland's Dry Rigg quarry in north Yorkshire.

MIDLAND MARTS

Midland Marts Group has acquired the business and assets of Oriel Computer Services from the Receiver.

The assets acquired, which have a value of approximately £350,000, are the freehold and leasehold properties and other assets employed in the business.

The consideration has been satisfied in cash.

ORIEL COMPUTER

Midlands Marts Group has bought Oriel Computer Services from Mr Alastair Jones, the receiver and manager, who was appointed on December 18 1981. Midland Marts said yesterday that it intends to continue to expand the business, therefore engaging the majority of the existing workforce.

Possible offer for Leadenhall Sterling

Leadenhall Sterling, an industrial subsidiary of British and Commonwealth Shipping, has received an approach which may result in an offer being made for its shares.

Earlier yesterday the shares were suspended at the company's request. At the suspension price of 65p (down 3p) the company is valued at some £[illegible].

The main activities of the Leadenhall Sterling group are the manufacture of forklift trucks and paper converting machines, manufacture and distribution of medical optical and electronic equipment. In [illegible] group pre-tax profits fell from £985,000 to £727,000 and in the first half of 1981 there was a further reduction from £480,000 to £107,000.

British and Commonwealth controls Leadenhall through its subsidiary Bricomin Investments which owns some 80 per cent of the shares. It became a subsidiary in 1975.

LONDON AND PROVCL. TRUST

London and Provincial Trust and Investment Intelligence, which bought 13.75 per cent of the investment trust last Wednesday, has had "amicable" talks on various methods for reducing the discount which London's shares trade relative to their net asset value.

Investment Intelligence, a privately-held investment management group, said that a number of possibilities for narrowing the discount were discussed, ranging from the specialisation of London's portfolio to a full-scale take-over and the unitisation of London's holdings. "In relation to these discussions, certain proposals were made," said Mr Michael Scorey, a director of Investment Intelligence.

A director of London, which is managed by Robert Fleming, said the proposals would be presented to London's board next week but a decision was not expected for some time.

London's shares closed yesterday up 1p at 169p. Net asset value of the shares is 200p. Investment Intelligence picked up its stake at an average price of 160p.

● **NEWS ANALYSIS: JOHN MOORE ON HERON'S BID FOR ACC**

Mr. Ronson waits on a court trailer

IN ITS £46.6m takeover bid Heron through Heron International, the parent company of Heron Corporation, is offering ACC shareholders of the "A" ordinary non-voting equity 85p in cash for each share of 25p. For each ordinary voting £1 share in ACC, shareholders are being offered a price determined as laid down in the Articles of Association of ACC.

Under these such price is related in the first instance to the quoted price of the "A" ordinary shares on the relevant date. The price is appropriately multiplied or divided if and whenever the nominal amount of an ordinary share (current £1) differs from the nominal amount of an "A" ordinary share (currently 25p).

On the assumption that the quoted price on the relevant date of an "A" ordinary share is 85p and a multiplier of four is applicable, the price payable pursuant to the ordinary offer for an ordinary share on that date would be 340p per share.

The offer will be *made subject* to the outcome of legal proceedings instituted by Heron against the Independent Broadcasting Authority, ACC and its directors and Central Independent Television.

MR GERALD RONSON, the chairman of Heron Corporation, has always maintained that his group was perfectly serious in its endeavours to wrest control of Associated Communications Corporation away from Robert Holmes à Court, the Australian entrepreneur.

Yesterday morning, he announced his formal offer worth 46.6m, more than £10m better than the Australian's.

The important caveat attached to the deal was that it would be made subject to the outcome of any legal action brought by Heron to stop Mr Holmes à *Court gaining control of the* shares.

Heron has been looking for a major acquisition for some tmie and regards ACC as essentially a good business undone by its involvement in film production.

In its last financial year ending March 1981, Heron reported pre-tax profits of £13.4m on turnover of £302.7m. Record profits look likely again this year on turnover in excess of £400m.

Heron, largely the creation of Mr Ronson, has interests in commercial property investment and development, insurance, residential and commercial property finance, petrol retailing, motor vehicle distribution and retailing, motor cycle distribution, residential housing estate development and consumer products distribution.

It is also engaged in the business of film production in conjunction with MGM in the U.S. Recently the group has carried out a restructuring and reorganisation of its property and trading interests.

Following the reorganisation, which group the property interests in the UK and Europe, Heron now feels that sufficient senior executives are free to deal with the problems of ACC.

Heron is not known to run a charm school and warns that "considerable management" will be required to turn round the fortunes of ACC.

So far Heron does not feel that the picture is as black as it has been painted at ACC. In spite of £8m worth of losses at the half-year stage at ACC, Heron regards the information that it has been granted from the management accounts at ACC as not unsatisfactory. Debt of £53m at the group is largely secured.

"On Golden Pond," the Henry Fonda film made by the Grade empire, Heron says it looks like being a commercial success, although Heron does regard that as material in its considerations.

Of more importance to Heron are the assets at ACC. Estimates suggest that ACC assets are worth over 100p per "A" ordinary share. There are large property assets within the group. An independent valuation of all group properties in March 1981 shows that group properties are worth £90m.

Then there is the interest in Central Independent Television, in which ACC owns 51 per cent. The Independent Broadcasting Authority has said that whoever owns ACC that stake will have to be eventually reduced, and are openly annoyed that British entrepreneurs think they can buy a controlling interest in television contractors willy-nilly.

For the moment Heron says that there would be no need to sell off bits of ACC to pay for the bid, and there are no plans for disposals.

What the underlying state of ACC's finances are may emerge in the Heron legal action. Further and better particulars could emerge in the courts. The adventure continues.

Companies and Markets

UK COMPANY NEWS

Star Computer moves up to £0.2m midway

TAXABLE PROFITS of the Star Computer Group advanced from £179,000 to £201,000 in the first half ended October 31 1981, on turnover 45 per cent ahead at £1.6m, compared with £1.11m.

The directors of this group, which provides turnkey computer systems—under which computer hardware and software are installed and maintained and the client's staff trained—and a computer bureau service, say that against the generally depressed economic background this performance is encouraging.

And they say the results are in line with forecasts at the time of the group's placing on the Unlisted Securities Market in June 1981, that the greater part of the turnover and profits would come in the second half.

Also, as stated at that time, the directors intend to declare the first dividend when the year end results are published, and will pay this distribution in September. Earnings per 10p share are stated at 2.6p (2.3p).

The bulk of the group's components are purchased from U.S. suppliers and with the dollar strengthening by some 15 per cent against sterling during the first half this put pressure on costs, which they felt it right to absorb.

Nevertheless, the directors say that substantial investment in new product development has continued. In particular word processing, solicitor and share registration packages are being developed for marketing in 1982. These developments should show significant benefits during the 1982-83 financial year.

While the economic conditions remain generally difficult the directors say the rate of sales advance is being maintained. However, the measures necessary to achieve this, together with development costs on new products, continue to depress margins. Nevertheless, they are confident that the results for the full year will be satisfactory, and that the group's long-term growth prospects remain substantial.

Tax for the six months took £66,000 (£57,000), leaving net profits of £135,000 (£122,000).

• comment

The severity of the current recession has bene particularly embarrassing for many companies that have been floated on the stock market in the past year on the basis of strong records. Profits of Star Computer, for example, had jumped from virtually nothing in the year to April 1979 to £740,000 two years later. When the shares were floated last June, the directors eschewed making a forecast but the fully taxed historic p/e of 28 on the placing price gave some idea of what was expected. So the 13 per cent rise in interim profits with the prospect of a similar rate in the full year is disappointing, to say the least. Star's strategy of making bespoke systems for specific groups of users—accountants and building merchants—still looks promising and the 44 per cent increase in turnover provides some encouragement, although presumably sales would have been less buoyant if the group had been passing on its cost increases to customers. At 190p unchanged, the shares have fallen much less than some other fledgling computer shares from their 1981 peaks and with a prospective fully taxed p/e still over 20, they may be vulnerable in the near term.

First half fall for Haynes

STRUCK AFTER new title origination costs of £381,000, against £327,000, taxable profits of Haynes Publishing Group, car and motorcycle manual concern, finished the six months to November 30 1981 behind from £350,000 to £316,000.

The interim dividend is maintained at 3p net per 20p share, however—last year's final distribution was 5p paid from a pre-tax surplus of £779,000 (£670,000). Earnings per share are given as 3.7p (3.82p).

Mr John Haynes, chairman, says the group anticipates a spring price increase in the UK, which will benefit revenue, and with sales continuing to advance in North America he is hopeful that second-half results will be well ahead of 1980-81.

Sales for the first half went ahead from £2.56m to £2.82m, a 10.2 per cent rise, and with £311,000 (£326,000) trading profits, were split as to: UK £2.09m (£1.99m) and £236,000 (£230,000); and overseas £733,000 (£574,000) and £75,000 (£96,000).

The group has continued to grow strongly during the six months, Mr Haynes states, with 48 new titles published, compared with 31 last time. Haynes Publications Inc, the U.S. subsidiary, which published 12 new titles in the first half, now meets and has written off its own origination costs—last year's total of £51,000 was charged to the UK.

The chairman adds that at the current rate of new title production it will take a further 18 months to develop a complete product line for the domestic side of the North American market.

Pre-tax figure was after interest received of £5,000 (£3,000 charged) and an exceptional credit last time of £27,000.

After tax of £131,000 (£159,000) the attributable balance was £185,000 (£191,000), of which the dividend will absorb £49,000 (£48,000)—the chairman and Mrs A. C. Haynes have again both waived the dividend.

• comment

Haynes has again shuffled its treatment of origination costs. Expenses incurred producing titles for the U.S. market are, quite rightly, reverting to being covered by U.S. rather than UK earnings. Taking that into account overseas profits have increased by £31,000 rather than the apparent 22 per cent setback. But equally the seemingly flat performance from the home market is actually a 16 per cent profits fall—not all the result of higher expenditure on new titles. Workshop manuals, like so much else, get hit when spending is under pressure. Also there hasn't been a price rise for 15 months though one is planned for the spring which should repair sagging margins. That will work through to next year's profits. Meantime Haynes is forecasting a rise in the second half helped by a good performance in the States. Assuming the year's outcome is similar to 1980-81 the shares, at 143p return an 8 per cent yield and sit on a hefty (but consistently hefty) fully taxed p/e of 19.4.

Atlantic Assets growth

IN HIS half year statement to the shareholders of Atlantic Assets Trust, Mr J. V. Sheffield, the chairman, says the fundamental outlook for energy and mineral investments remains good, despite the current recession. Atlantic remains committed to these two sectors, which represent 27 per cent of its total assets.

He says that Atlantic's investments in technology, both direct and through the 60 per cent owned subsidiary, Independent Investment, have performed well.

Technology represents 45 per cent of Atlantic's total assets, while Independent has 89 per cent invested in the same sector, having committed a considerable part of its cash resources in the past six months.

At December 31, Atlantic's net asset value was 78.59p after prior charges at par, compared with 66.99p a year earlier. Adjustment has been made for the three-for-one scrip issue of last October. The company's holding in Independent is included at a net asset value of 151.79p (111.05p).

Gross income for the half year ended December 31 improved from £760,000 to £849,000. After interest and expenses £611,000 (£525,000), tax £126,000 (£147,000) and preference dividend £35,000, the profit available comes to £77,000 (£58,000). Earnings are shown at 0.07p (0.05p).

Mr Sheffield says Atlantic has kept a considerable level of liquidity, and it is currently £10.5m, or 11 per cent of total assets. The search continues for appropriate investments, and he is confident that the long-term performance will be maintained.

Stirling Group advances

HIGHER PROFITS for the half year ended September 30 1981 and an increase in the interim dividend are announced by Stirling Group, garment maker, formerly known as Stirling Knitting Group.

Sales for the period expanded by £1.5m to £6.91m, and the profit before tax showed a rise from £389,000 to £528,000.

In his statement last September the chairman said that expansion and organic developments were well advanced, and he would be disappointed if they did not prove most beneficial. Also the group was well positioned in its traditional markets to take full advantage of opportunities that would arise.

After tax of £375,000 (£192,000) the net profit for the period came out at £253,000, against £177,000, for earnings of 4.52p (3.16p) per share.

Adjusting for last year's one-for-one scrip the interim dividend is effectively lifted from 0.25p to 0.4p per share; the total for the year 1980-81 was equal to 0.6p from profits of £763,000.

W. Goodkind £60,528 profit

FOR THE six months ended October 31 1981 W. Goodkind and Sons turned in taxable profits of £60,528 on a turnover of £290,906. These are compared with losses of £26,483 for 10 months, on turnover of £224,454 which included £95,360 from discontinued operations.

Mr F. J. C. Lilley, chairman, says the process of reorganisation has been completed, the company having consolidated its activities into property investment and the provision of financial services.

The directors intend to expand the property portfolio, principally on investments in major regional centres and expect to pay an increased dividend at the year end. For the previous 16 months a 0.3p net distribution was paid.

The company proposes to change its name to Parkdale Holdings.

UTD. WIRE

The directors of United Wire Group remain confident that the results of the current year will be satisfactory, Mr A. A. R. Green, chairman, told shareholders at the annual meeting yesterday. He said they reached this conclusion after reviewing the prospects in light of the completed first quarter.

Further restructuring at Solex

As part of a further restructuring of Solex, the business of the automotive fuel feeding division has been transferred to a new 100 per cent subsidiary.

Solex holds the investments in the subsidiary companies, the land and buildings of the group, the investment portfolio and any surplus cash not required for working capital of the subsidiaries, so separating these investments from the trading activities of the group.

To retain the trading name of the automotive fuel feeding division the new subsidiary is named Solex (UK).

SHARE STAKES

Peter Black Holdings—H. Rothenberg and J. S. Heaton, both directors, sold as trustees 240,000 ordinary shares and remain interested in 2,923,600 and 2,920,000 shares respectively. Thomas Black and Gordon Black, both directors, by reason of a sale by trustees of a trust in which they are interested, being a sale of 240,000 ordinary, remain interested in 3,335,000 and 3,335,000 respectively.

Hambros Investment Trust—Hellenic and General Trust—a wholly-owned subsidiary of Hambros PLC—has acquired 100,000 ordinary shares, making a holding of 4.58m (11.62 per cent).

London Shop Property Trust—Donmen has disposed of 2,427,962 ordinary shares and £351,925 of 6.5 per cent conversion unsecured loan stock, 1984. Broadland Properties disposed of 286,492 ordinary, leaving its holding at nil but it retains a holding of £10,500 of 6½ per cent conversion unsecured loan stock, 1984.

Smith St. Aubyn (Holdings)—J. F. E. Smith has sold 104,148 ordinary shares at 36p and bought 104,148 ordinary at 36.09375p. Mrs J. M. R. Smith has sold 55,336 ordinary at 36p and purchased 55,336 ordinary at 36.09375p.

Black Edgington—Mr A. D. Millett has disposed of 10,000 ordinary.

Property and Reversionary Investment Corporation—The interest of Mr Charles Rubens has now been reduced from 1,537,589 (5.66 per cent of the increased capital) to 1,074,303 (3.95 per cent).

Akroyd and Smithers—The Merchant Navy Officers Pension Fund is now the beneficial owner of 1,075,000 ordinary shares (6.72 per cent). Company has received notification of the additional beneficial interest of Mr T. F. Jones in 10,000 ordinary shares, and the cessation of Mr R. K. Peppiatt's beneficial interest in 7,500 ordinary shares in the capital.

Bures Dean—The Charente Steam-Ship Company now owns 2,371,000 ordinary shares (28.03 per cent).

London and Manchester Securities—Company acquired on January 19 a further 700 shares in Manchester Stock Exchange Buildings at a price of 375p per share. LMS now holds 37,941 shares (37.84 per cent).

Alexander Howden Group—Alexander and Alexander Services purchased 100,000 Howden ordinary shares at 131½p. Holding now 13.6m ordinary (14.91 per cent).

McLeod Russel—Broadland Properties purchased a further 15,000 ordinary shares bringing total holding to 348,700 shares (8.66 per cent).

United States and General Trust Corporation—London and Manchester Assurance bought 405,000 ordinary shares and now holds 1,805,000 (22.27 per cent).

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1981-82 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
121	100	ABI Hldgs. 10pc CULS	121	—	10.0	8.3	—	—
75	62	Airsprung	68	—	4.7	6.8	11.0	15.2
51	33	Armitage & Rhodes	46	—	4.3	9.3	3.8	8.7
202	187	Bardon Hill	202	+1	9.7	4.8	9.8	12.0
104	82	Deborah Services	82	—	6.0	7.3	4.1	7.7
129	97	Frank Horsell	129	—	6.4	5.0	11.6	23.9
75	39	Frederick Parker	75	+1	1.7	2.3	32.6	—
78	46	George Blair	49	+1	—	—	—	—
102	93	IPC	94	—	7.3	7.8	6.8	10.2
105	100	Isis Conv. Pref.	105	—	15.7	15.0	—	—
113	95	Jackson Group	96	—	7.0	7.3	3.0	6.8
130	108	James Burrough	114	—	8.7	7.8	8.3	10.5
334	250	Robert Jenkins	253	+1	31.3	12.4	3.5	8.9
59	51	Scruttons "A"	55	—	5.3	9.6	8.5	7.9
222	167	Torday & Carlisle	167	—	10.7	6.4	5.4	9.9
15	10	Twinlock Ord.	13	—	—	—	—	—
80	66	Twinlock 15pc ULS	75	—	15.0	20.0	—	—
44	29	Unilock Holdings	29	—	3.0	10.3	5.2	8.8
103	75	Walter Alexander	75	—	6.4	8.5	4.9	8.7
283	212	W. S. Yeates	216	—	13.1	6.1	4.1	8.3

Prices now available on Prestel page 48146.

SPAIN

January 22	Price %	— or +
Banco Bilbao	343	−4
Banco Central	354	−5
Banco Exterior	319	−4
Banco Hispano	334	−3
Banco Ind. Cat.	115	—
Banco Santander	369	−1
Banco Urquijo	217	−2
Banco Vizcaya	389	−6
Banco Zaragoza	231	−2
Dragados	152	−8
Espanola Zinc	60	—
Fecsa	62	—
Gal. Preciados	48	+2
Hidrola	67.7	+0.2
Iberduero	82	−1.2
Petroleos	97	—
Petroliber	98	—
Sogefisa	30	−2
Telefonica	72	−0.5
Union Elect.	86.2	−0.3

THE WEEK'S COMPANY NEWS

Bids and deals

The battle for control of Lord Grade's former empire Associated Communications Corporation intensified yesterday as Heron Corporation came out with a rival offer as detailed elsewhere in the paper.

On Wednesday, Investment Intelligence, a privately-owned investment management company, launched a dawn raid on London and Provincial Trust and paid around 160p per share for 13.75 per cent of the equity. The move comes amidst plans by Robert Fleming to merge London and Provincial and London and Montrose, two of the investment trusts which it manages. Investment Intelligence manages assets of about £50m of which £15m are in four unit trusts. The group is more than 50 per cent-owned by Aitken English, an investment holding company.

Coca-Cola, the U.S. company which dominates the world soft drinks business, made an agreed bid worth about $765m (£403.7m) for Columbia Pictures, one of the largest Hollywood film companies. The move represents a major diversification for Coca-Cola.

Prices in pence unless otherwise indicated.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Assoc. Comms. 'A'	66*	78	52††	35.8	Bell Group
Assoc. Comms. 'A'	85*	78	73	46.13	Heron Corp.
Bazaloni Hldgs.	700*	190	245	1.75	Closerule
Beaumont Props.	133	139	112	20.99	Lndn. Shop Prop.
Callender (G. M.)	85*	82	56	5.78	Colas Prods.
City Offices	126	128	110	33.78	Greycoat Estates
Colonial Secs.	77	69	54††	9.65	Utd. Newspapers
Croda Int.	70*§	74	43½	52.8	Burmah Oil
Croda Dfd.	37*§	50	21	3.90	Burmah Oil
Elliott P'b'ro¶¶	40	39	42	5.27	Jenks & Cattell
Grant Bros.	190*	184	179	2.28	Jadepoint
Heron Motor Grp.	24*§	32	23	4.33	Heron Corp.
Howden (Alex.)	157	143	142	142.80	Alexander and Alexander Srvs.
Laganvale Ests.	35	30½	29	5.11	Sturla Hldgs.
New Sylhet	200*	220	225	0.38	Bon Marche Line
Oldham Brew	160	153	91	23.0	Boddingtons
Pyramid (Pbshs.)	60*	57½	60††	1.20	Starwest Inv.
Ward (T. W.)	225†	230	144	131.31	RTZ
Williams (W.)	25*‡	23	11††	0.85	Price (C.)

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ** Based on January 22 1982. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
AGB Research	Oct	2,040	(1,460)	2.3	(2.0)
Alld. Residential	Sept	150	(—)¶	1.0	(—)
Allen (W. G.)	Sept	311L	(40)	—	(0.8)
Aerospace Engn.	Oct	525	(375)	2.75	(—)
Astra Industrial	Oct	108	(555)	0.13	(0.25)
Austin (J.) Steel	Sept	107	(432)	1.67	(1.67)
BET	Sept	27,660	(28,490)	1.56	(1.56)
Br. Cinematgrph.	July	59L	(13)	—	(—)
British Land	Sept	2,400	(1,660)	—	(—)
Cawdaw Ind.	Sept	415L	(549)L	—	(—)
Cornell Dresses	June	20L	(53)L	—	(—)
Country Nw. Twn.	July	514	(964)	0.25	(0.25)
Diamond Stylus	Sept	119L	(60)L	—	(—)

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Doreen Holdings	Sept	1,240‡L	(365)‡	—	(1.25)
Estates Property	Oct	1,250‖	(1,220)‖	2.75	(2.75)
Geller (A. & J.)	Sept	362	(380)	1.7	(1.6)
Hales Properties	Sept	275	(235)	1.5	(1.0)
Heron Motor	Sept	110	(247)L	—	(0.4)
Inter-City Inv.	June	250L	(115)L	—	(—)
MFI Furniture	Nov	7,120	(4,970)	1.1	(1.1)
Midland Trust	Dec	173	(216)	2.45	(2.45)
Newmark (Louis)	Sept	625	(1,170)	4.0	(4.0)
Owen & Robinson	Nov	49L	(1)	—	(6.0)
Peerless	Sept	1,070	(901)	2.1	(2.1)
Prop. Security	Sept	526	(176)	0.5	(0.4)
Raybeck	Nov	256	(1,010)	1.13	(1.13)
Restmor Group	Oct	589	(605)	0.5	(0.5)
Saville Gordon	Oct	523	(316)	1.0	(0.53)
Shaw & Marvin	Sept	30L	(76)L	—	(—)
Stoddard Hldgs.	Sept	782L	(1,870)L†	—	(—)
Stroud Riley	Sept	528	(237)	0.75	(0.5)
Turnbull Scott	Sept	587L	(380)	3.0	(3.0)
Wst. Board Mills	Sept	864	(758)	2.0	(1.7)
Wigfall (Henry)	Oct	1,810L	(63)	—	(—)

(Dividends in parentheses are for the corresponding period.) * Dividends shown net except where otherwise stated. † For the previous 10 months. ‡ In Ir£. ¶ No comparable figure. ‖ Pre-tax income. L Loss.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Albion	Sept	787L	(161)L	—	(11.9)	—	(0.6)
Anglia Television	Oct	4,710	(4,660)	20.5	(28.0)	6.0	(5.0)
Assoc. Paper	Oct	985	(353)	4.6	(2.0)	2.4	(2.0)
Beecham Engns.	Oct	54L	(415)	23.7	(26.7)	6.0	(11.5)
Cntryside. Props.	Sept	1,320	(903)	20.3	(13.6)	3.85	(3.5)
Dawson (Wm.)	Sept	1,590	(684)	26.6	(3.0)	3.5	(0.75)
Dwhrst. & Prtnr.	Sept	377L	(31)	—	(0.1)	0.15	(0.15)
Espley-Tyas	Sept	2,280	(—)	10.6	(—)¶	2.31	(—)
Everards Brwy.	Sept	1,600	(1,390)	47.0	(38.3)	6.8	(6.4)
Gestetner Hldgs.	Oct	4,380	(10,010)	1.5	(17.2)	2.63	(5.25)
Glass Glover	Sept	869	(659)	7.1	(5.3)	2.5	(2.1)
Lookers	Sept	1,050	(937)	12.5	(1.7)	3.85	(3.85)
Lovell (Y. J.)	Sept	3,190	(2,880)	42.6	(38.7)	8.0	(7.0)
McMullen & Sons	Oct	2,600	(2,080)	34.9	(31.2)	3.63	(3.63)
Smallshaw (R.)	Sept	153	(172)	5.4	(6.2)	1.75	(1.75)
Tate and Lyle	Sept	36,300	(30,700)	37.2	(31.3)	11.5	(10.5)
Trusthouse Forte	Oct	52,300	(66,000)	16.1	(15.5)	6.0	(6.0)
Whatlings	Sept	417	(152)	10.0	(3.4)	1.0	(0.9)

Rights Issues

Glass Glover—Is raising £590,000 by way of a one for five rights issue at 55p per share.

MEPC—Is raising £62.3m by way of a rights issue on the basis of one for five at 188p per share and one for every £16.50 of 6¼ per cent stock.

Offers for sale, placings and introductions

American Telephone and Telegraph Company—London listing.

Greenfriar Investment Company—Propose to issue warrants to shareholders on a one for five basis.

The Mid Kent Water Company—Offer for sale by tender of £6m of 9¼ per cent redeemable preference stock 1987, at a minimum price of £97.50 per cent.

WORLD STOCK MARKETS

Early slight fall on Wall St

SLIGHTLY LOWER levels developed on Wall Street yesterday as stocks followed the lead of the Bond Market, which was also weaker.

By 1 pm the Dow Jones Industrial Average was off 3.81 at 844.46, for a net loss of 3.14 on the week, while the NYSE *All Common Index*, at $66.75, shed 25 cents on the day and 66 cents on the week. Declines led advances by about a three-to-two majority, while the volume decreased 2.07m shares to 32.68m compared with 1 pm Thursday.

Both the Stock and Bond *Markets reflected uncertainty* about the Federal Reserve's monetary policy and the direction of interest rates. Analysts expect stocks to continue to drift as investors wait for the Weekly Money Supply figures, to be announced after the close.

The Consumer Price Index was *up 0.4 per cent in December*, leaving the inflation rate for all of 1981 at 8.9 per cent, its lowest level since 1977.

Several Blue Chip issues were lower, including General Motors off $⅜ to $37⅞, IBM $⅜ to $61⅞, U.S. Steel $½ to $26⅞, Eastman Kodak $⅜ to $69¼ and General Electric $½ to $58⅜.

There was scattered weakness among Energy stocks, including Texas International off $1⅛ to $26⅛, Texas Oil and Gas $1⅛ to $28⅛, Gulf $⅜ to $30⅜, Southdown $1½ to $32 and Amax $1½ to $36⅛.

THE AMERICAN SE Market Value Index was down 1.72 to 285.83, making a fall of 10.78 on the week. Volume decreased 272,000 shares to 3.41m compared with 1 pm on Thursday.

Canada

Markets continued to move lower, with the Toronto Composite Index down another 9.6 to 1,750.1.

The Metals and Minerals Index declined 20.2 to 1593.8, Golds 9.2 to 2406.7, Oil an dGas 32.5 to 3059.2. Papers 2.37 to 182.14, Banks 0.65 to 329.93 and Utilities 0.55 to 218.68.

Denison Mines gave way $¾ to $31 on lower earnings.

Germany

Most shares improved in moderate trading, with investors encouraged by Thursday's cut in the Bundesbank's Special Lombard rate.

Daimler were in demand, closing DM 6.60 higher at 286.30, while VW were up DM 2.50 at 136.70.

In Electricals, Siemens gained a further DM 1.70 to 211.60.

Profit-taking and position-squaring ahead of the weekend halted a surge on the Domestic Bond Market prompted by the Special Lombard cut, although the market retained a firm undertone.

Public Authority Loans showed gains reaching DM 0.20 and losses up to DM 0.30. The Bundesbank sold DM 14m of stock. Mark Eurobonds were little changed.

Hong Kong

Stocks closed up on late buying in anticipation of a possible Chinese New Year rally when the market reopens next Thursday.

However, trading was only moderate in advance of the holiday. The Hang Seng Index rose 24.77 to 1,405.23.

Leaders finished with significant gains.

Singapore

Higher on buying support in selective moderate trading, with improved Hong Kong market advices aiding sentiment.

Hotels, Properties, Commodities and the Second Trading section were also higher.

All markets here will close on January 25 and 26 for Lunar New Year holidays.

The Stock Exchange will remain closed on Wednesday January 27 while other markets will reopen for business.

Paris

Share prices were firm on the first day of the new monthly Account, helped by the cut in the Call Money rate to 15 per cent from 15¼ per cent.

In higher Stores, Scoa rose FFr 3.5 to 45.5 despite reporting a consolidated net loss for the year ended September 30.

Metals and Electricals were also firm, with Alsthom Atlantique rising FFr 4 to 156.

Among Constructions, Bouygues put on FFr 16 to 1,150 on *a two-for-five free share issue.*

Banks, Chemicals, Engineerings and Foods were firm, Portfolios and Oils were mixed, while Motors were easier.

In the Foreign sector, Americans, Germans, Japanese, Dutch, Oils and Gold Mines hardened, while Coppers were mixed.

Tokyo

Share prices rose sharply on increased buying by Foreign investors and Domestic Trust Funds.

The Market Average gained 85.85 to 7,823.36 in active trading of 520m (330m) shares.

Sentiment *was enlivened* by a Press report the Saudi Arabian Monetary Agency (Sama) will purchase a total new issue of Yen Convertible Bonds from Sony Corp and Honda Motor. Both declined to comment on the report. Sony rose Y310 to 3,920 and Honda Y24 to 829.

Sama's move ot buy Japanese Convertible Bonds was regarded as its first step to enter the Stock Market although Sama has been buying Japanese National Bonds.

Light Electricals, Precisions, Motors and "large" Capitals were among the sharp gainers.

The Second Section *also* advanced sharply in active trading.

The increase in Foreign buying was attributed to a belief among Foreign and Domestic Fund Managers that the yen *might have been bottoming* out and also to declining margin buying positions in Blue Chips.

Steels, Heavy Electric Machines and Shipbuilders closed sharply higher.

Switzerland

Mostly higher in moderately active trading.

News of declining Swiss interest rates and a stabler Franc failed to provide significant support for Equities, which largely seemed to profit from firmer Bond prices.

Foreign Bonds were sought in active trading after the cut in Germany's Special Lombard rate, and Domestic Bonds advanced due to Wednesday's reduction in Swiss rates for Customer time deposits and Medium-term notes.

Johannesburg

Gold shares firmed as the bullion price steadied, and Anglo American Producers led the advance after quarterly results and dividend declarations.

Tongaat featured with a 65 cents rise to R8.60 on the possibility of a merger with Huletts, unchanged at R9.50.

Australia

Buying support returned as all major indices firmed in response to healthier performance by Australian shares on the London Market overnight.

The main market indicator, the *All-Ordinaries Index*, added 2.1 at 543.6.

CUB further improved 7 cents to A$2.52 on a one-for-five bonus and an 82 per cent profit lift.

Milan

Most prices closed marginally *lower in slow trading.*

Cement and Chemical issues also were among the losers, failing to respond to the Government authorisation to increase prices of cement products and fertilisers.

Closing prices for North America were not available for this edition.

Indices

Jan. 21	Jan. 20	Jan. 19	Jan. 18	1981-82 High	1981-82 Low
67.00	66.80	67.19	67.84	79.14 (6/1)	64.96 (25/8)

	Jan. 21	Jan. 20	Jan. 19
Issues Traded	1,849	1,879	1,861
Rises	762	538	635
Falls	654	934	909
Unchanged	433	407	407
New Highs	11	9	9
New Lows	71	103	64

MONTREAL	Jan. 21	Jan. 20	Jan. 19	Jan. 18	1981-82 High	1981-82 Low
Industrials	300.32	306.29	311.89	313.58	408.56 (27/5)	300.32 (21/1/82)
Combined	287.46	291.67	296.18	297.22	376.26 (13/6)	287.46 (21/1/82)
TORONTO Composite	1759.7	1777.5	1797.9	1815.1	2578.8 (10/4)	1759.7 (21/1/82)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Exxon	1,186,000	29⅞	+ ⅛	Fst. Chrtr. Fin.	659,800	9⅛	− ⅛
IBM	979,900	62⅞	+1⅛	Am. Tel. & Tel.	654,300	59⅜	+ ⅛
Phillips Petrlm.	893,000	37⅞	+ ⅛	Sony	586,000	16⅝	+ ⅛
Firestone Tire	773,400	12⅝	—	Warner Comm.	514,400	58⅜	+1⅞
Atl. Richfield	661,100	40⅜	− ⅛	RCA	472,500	16⅜	− ⅛

Currency losses depress net earnings at Honda

BY OUR FINANCIAL STAFF

HONDA, the Japanese motor group, reports a near halving of net profits for the first nine months of the fiscal year ending this month.

Against Y74.9bn a year ago, net profit could total only Y38.6bn ($172m) as weak trading in cars and foreign exchange losses took their toll.

Net earnings in the third quarter were Y10.2bn, against Y16.8bn for the corresponding 1980 period. Sales for the quarter rose 22 per cent to Y427.8bn for a nine month gain of 11 per cent to Y1,401bn.

Honda attributed the earnings slowdown chiefly to the appreciation of the yen against most major European currencies, which they said "cut deep into profit margins of sales by European subsidiaries."

The company relies heavily on overseas markets. In the latest quarter, 30 per cent of sales were in the domestic market.

Unit sales of cars declined 2.5 per cent in the third quarter mainly because of a drop in U.S. business. The company "could not entirely" offset the losses with sales in Japan or in other overseas markets.

Overseas car sales, accounting for 67.8 per cent of total business, fell by 8.8 per cent to 156,000 units, while domestic sales climbed by 13.8 per cent to 74,000 units.

Motorcycle sales in overseas markets jumped by 28 per cent to 489,000 units, representing 83.9 per cent of overall motorcycle sales. Domestic sales increased 9.5 per cent.

Yamaichi Securities shows gain

BY OUR FINANCIAL STAFF

YAMAICHI SECURITIES, one of Japan's big four securities firms, has had a good year. Consolidated net income rose 36.6 per cent to Y18.24bn ($72.2m) in the year ended September 30, from Y11.89bn in the previous year.

Revenues rose 21.6 per cent to Y140bn from Y115.09bn in 1979-80. Earnings per share rose to Y20.90 from Y17.16.

Yamaichi attributed the improved margins to a curtailed increase in costs. In addition, the company's overseas units' underwriting revenues benefited from the large number of convertible bonds issued by Japanese concerns.

At the same time, the rise in net earnings came in comparison with a somewhat weak previous year in which consolidated net profits fell 21 per cent on a 5.9 per cent rise in revenues.

As previously reported, active trading on Japan's stock exchanges helped Yamaichi's unconsolidated net rise 30.1 per cent to 15.08bn on a 20.8 per cent rise in revenues to 132.8bn.

Isetan Company, the Japanese department store concern, increased its parent company net income for the year ended November 30 by 14.4 per cent to Y4.12bn ($18.3m), Y3.6bn a year earlier, reports AP-DJ from Tokyo. Sales rose 13.9 per cent to Y241.87bn ($1.1bn), from Y212.4bn.

The half-year dividend was raised to Y4.5, from Y4 a year earlier, in recognition of the approach of its centenary.

Net profits for the current year will rise 11.7 per cent to Y4.6bn, on a 9.6 per cent increase in sales, to Y265bn, it is forecast.

SAMA, Japanese bond talks confirmed

BY RICHARD C. HANSON IN TOKYO

SECURITIES industry sources yesterday confirmed that negotiations with the Saudi Arabia Monetary Authority (SAMA) on privately placing two Japanese convertible bond issues, by Sony and Honda Motor, have been underway since last year.

This will be the first time SAMA has invested in what amounts to Japanese equities, having so far preferred government and straight corporate bonds. Other companies are also lining up to propose private convertible bond placements with SAMA.

There is some indication that SAMA has suspended its regular buying of Japanese government bonds so far this month to clear the way for purchasing the Y20bn convertible bond by Sony and a similar Y10bn issue by Honda Motor.

The Sony issue is being managed by Nomura Securities and Smith Barney, while Nomura and Merrill Lynch are co-managing the Honda issue. The 10-year bonds, convertible into common shares, are reported to carry a coupon of 5.6 per cent and be priced at 98 per cent. Agreements are expected to be signed shortly.

Tokyo has long been rife with stories of SAMA's intention to expand its investment in Japan into the area of equities, convertible bonds being a convenient stepping stone. But the fact that stories have appeared in the Japanese press apparently has led to delays in the negotiations over the Sony and Honda issues.

There is strong suspicion in the market that the news, which appeared in Nihon Keizai Shimbun, the leading financial paper, yesterday, leaked, in anticipation of the positive impact it would have on the Tokyo stock market, which did in fact respond with a strong rally.

It is not known how the Saudis will react to leaks of their investment plans in Japan. It is thought that within SAMA itself, there remains disagreement on investment in Japanese stocks. SAMA is said to have already invested about Y2,000bn ($8.9bn) in Japanese bonds.

The Japanese securities houses are no doubt trying hard to persuade SAMA to step up purchases of convertible bonds. The list could not be confirmed independently, but NEC, Sharp, Canon, Ricoh and Sanyo Electric are all reportedly being pushed as candidates for private placements with SAMA in coming months.

Sharp fall at halfway for Toray Industries

By Our Financial Staff

TORAY INDUSTRIES, the largest Japanese manufacturer of synthetic fibres, suffered a fall of 74 per cent in net income on a consolidated basis in the half-year to September, to Y4.12bn ($18.3m), from Y15.88bn in the first six months of 1980-1981.

The fall slightly more than offset the rise in the previous year from the Y5.05bn of the first half of 1979-80. The company attributes the setback largely to losses on foreign exchange account, which amounted to Y5.7bn in the latest half, against a background of fluctuations in the value of the yen in the foreign exchange market. This compares with a gain of Y6.6bn in the six months to September 1980.

After allowing for the foreign exchange effect there was a cut in net earnings of 14 per cent. Toray's affiliated companies, particularly those in South-East Asia, turned in poor results as a result of slack economic conditions, the company said, and the relatively low levels of economic activity in Japan, the U.S. and Europe also played a part.

For the full year to March, Toray—which is diversifying into non-textile fields—expects net earnings to show a slower rate of fall than in the first half, though it is still looking for a drop of 38.5 per cent to Y16bn, from last year's Y26bn.

Despite the fall in earnings for the half to September, sales for the period were up by 9.8 per cent to Y363.47bn ($1.6bn), from Y331bn, and a rate of expansion around 10 per cent to Y730bn is expected for the year as a whole.

The sales expansion results in part from the taking into the accounts the revenues of two companies, Textile Alliance of Hong Kong and Penfabric Berhad of Malaysia. Both companies were acquired towards the end of March last year.

Sales of textile goods showed an 11.7 per cent gain, to account for 72.2 per cent of total turnover, while sales of plastics were up some 14 per cent, at 14.2 per cent of the overall figure. But sales of chemical products were down by 13.7 per cent.

Renault warns of severe downturn in 1981 profits

BY TERRY DODSWORTH IN PARIS

RENAULT, the French nationalised motor group, describes 1981 as the worst year for the industry since 1974.

It expects profits to be sharply down on the FFr 638m ($119m) of 1980 following a rise in sales of just 7 per cent to FFr 35.5bn—a rate of increase well below the level of French inflation.

The small rise in sales underlines the drop in the company's production, which went down globally by 11.8 per cent to a total of 1.8m vehicles. Of these, 1.53m were built in France.

The group says that the decline in its results was due not only to lower volumes, but also to the increased competition caused by currency differentials and to the higher cost of finance.

By pointing to currency problems, the company is making a clear reference to the price advantage of West German car manufacturers in the first half of last year, when importers increased their sales substantially. Last autumn's exchange rate readjustment has since helped French manufacturers with their prices in both the French and German markets.

On the vehicle sales side, Renault claims to have maintained its position as the leading company within the EEC, with 13.4 per cent of all registrations. In the French domestic market, which fell during 1981 by 1.2 per cent, the group's sales declined roughly in line.

The group's commercial vehicle subsidiary, Renault Vehicules Industriels (RVI), increased sales by 9.6 per cent to FFr 12.2bn, while production dropped by 13 per cent from 54,000 units to 47,000.

Ogem proposals put to bankers

BY CHARLES BATCHELOR IN AMSTERDAM

THE BANKING consortium backing Ogem, the loss-making Dutch conglomerate, met yesterday in Amsterdam to consider the company's proposals to save the profitable parts of its business. If Ogem's plans are accepted, its loss-making activities will be hived-off into a separate holding, and either sold off or closed down.

The consortium of 21 banks which agreed in 1980 to provide a financial umbrella for Ogem called yesterday's meeting because of Ogem's failure to complete its restructuring on time. It has sold off only Fl 250m ($99m) of the Fl 400m worth of assets it hoped to dispose of over the past three years.

Ogem expects to announce the banks' reaction to its proposals on Monday when it meets unions representing its 17,000 employees.

Ogem revealed that it made a 1981 loss of Fl 60-80m, excluding Fl 25m in government support, compared with the loss of Fl 118m in 1980. Turnover last year was about the same as the Fl 3.94bn in 1980, although sales of the trading divisions declined by about 7 per cent.

The company expects to finalise discussions today with a potential purchaser for a large part of its trading activities. Ogem hopes to dispose of its Stokvis subsidiary, which groups about 40 technical companies in Europe, and its new African trading company (NAHV).

The banking consortium, consisting of five Dutch and 15 foreign banks provided a Fl 630m credit line to Ogem in 1980, while the state-backed National Investment Bank stepped in last year with an additional Fl 75m in loans and subsidies. The consortium is headed by Algemene Bank Nederland, Amsterdam-Rotterdam Bank and Bank of America.

Slowdown at Alcoa Australia

BY GRAEME JOHNSON IN SYDNEY

A DOWNTURN in the world aluminium industry has been blamed for Alcoa Australia's unsatisfactory 5 per cent increase in earnings from A$97.2m to A$102.1m (US$107.5m) in the year to December 31. The result follows a slump in earnings in the final quarter from A$31m to A$21.8m, caused by falling prices and higher costs. Alcoa is 51 per cent-owned by Aluminum Company of America, the biggest aluminium producer in the U.S.

The Australian company's total assets rose by almost A$500m to A$1,994m, but return on assets declined from 6.3 to 5.1 per cent, while the return on shareholders' funds fell from 12.6 to 10.1 per cent. The increase in assets reflected investment by the company in its third alumina plant in Wagerup in Western Australia, and the Portland smelter in Victoria.

Alcoa recorded an 18 per cent increase in sales revenue during the year from A$736.5m to A$868.9m.

The higher revenue was due to an increase in the volume of aluminium sales, following the completion of a third potline at the company's Henry smelter.

Despite the better sales performance, Alcoa directors said the profit figures for the year were unsatisfactory.

Pre-tax profits for 1981 were marginally up on the previous year from A$183.8m to A$188.6m. The company's tax bill was virtually static at A$86.5m. Pre-tax profit was struck before a A$14.4m lift in the interest charge to A$38.3m following the draw down of lines for the Wagerup refinery and the Portland smelter.

Alcoa's directors have forecast a gloomy 1982, warning that profits are likely to come under pressure. They said the company would continue to operate in an environment where there was limited opportunity to increase prices to offset continuing cost increases.

Olivetti chief steps down from Ambrosiano

By James Buxton in Rome

AFTER ONLY 65 days, the marriage between Sig Carlo de Benedetti, chief executive of Olivetti, and Sig Roberto Calvi, head of Banco Ambrosiano, Italy's leading private bank, has ended in divorce. Sig de Benedetti said yesterday that he had resigned from being vice-chairman of the bank and had sold his 2 per cent stake.

The entry of Sig de Benedetti, one of Italy's most successful entrepreneurs, into Banco Ambrosiano, surprised the Italian financial and political establishment. Sig Calvi's name has been associated with the P2 Masonic Lodge scandal and last July he was convicted for illegal export of currency.

Sig de Benedetti said yesterday that he had not been able to discharge his duties as vice-chairman and exercise the rights and duties of a director. It is understood that Sig Calvi, who brought in Sig de Benedetti to improve the image and the functioning of the bank, kept the new vice-chairman in the dark on the bank's ownership structure. It is not known to whom Sig de Benedetti sold his shares.

While Sig de Benedetti is believed to have made a profit on the shares he bought for L50bn ($41m) Banco Ambrosiano is left weakened. Istituto per le Opere di Religione (IOR), the Vatican bank, recently sold its stake. This week the Consob, the stock exchange regulatory authority, ordered the bank to seek a full Stock Exchange quotation, which would oblige it to disclose its ownership structure.

Bouygues sees sharp advance

By Our Paris Staff

BOUYGUES, THE French construction company, is expecting profits to rise by well over 30 per cent to more than FFr 200m ($34.5m) for 1981. Sales will be up by 38 per cent to around FFr 10.5bn, the company said yesterday.

One of the fastest growing of the big French construction companies, Bouygues is also forecasting that turnover in the current year will rise to about FFr 14.5bn, entirely through internal growth.

COMMODITIES/REVIEW OF THE WEEK

London tin price hits new record

BY OUR COMMODITIES STAFF

THE CASH tin price climbed to a new all-time peak on the London Metal Exchange (LME) this week as support buying, believed to be on behalf of producer interests, continued. After rising £32.50 yesterday the cash price ended the week £102.50 up at £8,687.50 a tonne.

At a meeting of the International Tin Council consumer members rejected producer demands for a 15 per cent rise in the market price support range, which would have lifted it to 29.15 to 37.89 ringgits a kilo.

Later the Council forecast that world production of tin in the first half of this year would exceed demand by 12,300 tonnes. Traders said they expected this trend to continue with the surplus for the full year rising to 25,000 tonnes from 20,000 in 1981 and 11,000 in 1980.

The LME zinc price also ended sharply higher in spite of price cuts by West German producers Metallgesellschaft and Preussag. Although European zinc demand has been sluggish the cuts, from $950 to $875 were considered surprising as they followed a rise by U.S. producers at the end of last week.

Cash zinc on the LME ended £22.75 up at £436.50 a tonne after falling £3.50 yesterday.

Lead prices followed a similar pattern with cash metal ending £14 up at £343.50 a tonne despite falling £8 yesterday.

Both lead and zinc continued to be supported by the protracted strike at Tara Mines in the Irish Republic. Following reports that the mine's bankers had set a deadline for settlement of the dispute the Irish Labour Court was ordered to reopen talks on the stoppage and on Wednesday the management announced it had issued 30-day notices to most of the 1,000 workers at the mine.

...Copper had a very quiet week with currency factors being the only significant influence on prices. Cash wirebars ended £6.50 down at £850.50 a tonne.

Soft (non-metal) commodities were exceptionally quiet. Cocoa traders remained extremely cautious ahead of next week's meeting of the International Cocoa Organisation and the May futures quotation on the London market ended £4 up on the week at £1,198.50 a tonne.

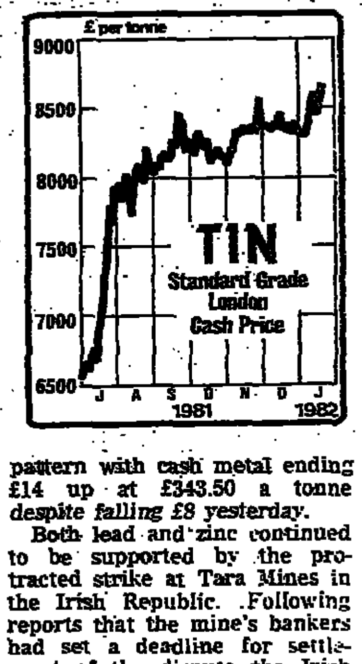
The ICCO stock manager announced yesterday that he had bought sufficient cocoa from Ghana to complete the quota of 6,400 tonnes he had agreed to buy from that country. That included purchases yesterday of 400 tonnes.

In Accra, meanwhile, the Ghana Cocoa Marketing Board said it purchased 9,747 tonnes of cocoa in the 10th week of the 1981-82 maincrop season, ended January 21. That took cumulative purchases to 177,150 tonnes against 151,189 tonnes at the same point last season.

Most of an earlier modest rise in coffee futures prices was wiped out yesterday when the London March quotation fell £11 to end the week £1 up at £1,147.50 a tonne. During the week the U.S. Department of Agriculture issued a new forecast that world coffee stocks would rise about 15m bags during the 1981/82 season to nearly 41.4m bags (60 kilos each).

Sugar moved even more narrowly with the May position on the London futures market closing £0.125 up on the week at £179.575. The price was up over £2 yesterday

India's sugar production during the final quarter of last year rose to 1.8m tonnes against 1.39m in the corresponding period of 1980



WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1981/82 High	1981/82 Low
METALS					
Aluminium	£810/815		£810/815	£810/815	£760/70
Free Market c.i.f.	$1100/1150		[illegible]	[illegible]	[illegible]
Antimony	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Free Market 99.6%	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copper Cash High Grade	£850.5	[illegible]	[illegible]	[illegible]	[illegible]
3 months do. do.	£877	[illegible]	[illegible]	[illegible]	[illegible]
Cash Cathodes	£850.25	[illegible]	[illegible]	[illegible]	[illegible]
3 months do.	£874	[illegible]	[illegible]	[illegible]	[illegible]
Gold per oz.	$375	[illegible]	[illegible]	[illegible]	[illegible]
Lead Cash	£343.5	[illegible]	[illegible]	[illegible]	[illegible]
3 months	£355.5	[illegible]	[illegible]	[illegible]	[illegible]
Nickel	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Free Market c.i.f. lb	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Platinum per oz.	£260	[illegible]	[illegible]	[illegible]	[illegible]
Free Market per oz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quicksilver (76lbs)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Silver per oz.	423.05p	[illegible]	[illegible]	[illegible]	[illegible]
3 months per oz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tin cash	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tungsten Ind	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wolfram (22.04 lb)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zinc cash	£436.5	[illegible]	[illegible]	[illegible]	[illegible]
3 months	£440.75	[illegible]	[illegible]	[illegible]	[illegible]
Producers	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GRAINS					
Barley Futures	£108.45	[illegible]	[illegible]	[illegible]	[illegible]
Maize French	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wheat Futures	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hard Winter Wheat	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SPICES					
Cloves	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pepper, white	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
black	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OILS					
Coconut (Philippines)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Groundnut	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Linseed, Crude	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Palm Malayan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SEEDS					
Copra (Philippines)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Soyabeans (U.S.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OTHER COMMODITIES					
Cocoa shipment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cocoa Futures May	£1,198.5	[illegible]	[illegible]	[illegible]	[illegible]
Coffee Futures Mar.	£1,147.5	[illegible]	[illegible]	[illegible]	[illegible]
Cotton Index	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dessicated Coconut	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gas Oil Fut. Feb.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jute	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rubber kilo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sago Pearl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sisal No. 3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sugar (Raw)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tapioca No. 1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tea (quality) kilo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(plain) kilo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wooltops, 64s Warp	375p kilo	[illegible]	[illegible]	[illegible]	[illegible]

† Unquoted. (g) Madagascar. (y) Jan/Feb. (v) Feb. (x) Feb-March. (z) March. * Nominal. § Ghana cocoa.

MARKET REPORTS

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. Copper was firmly £877, lead £354 and zinc £441. Tin, three months, rose to close at £8,030 following good demand from one quarter. Aluminium ended the day at £619.5 and nickel at £3,101.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
HighGr'de	£	£	£	£
Cash	855.5-6.5	+3.25	850-1	-6.25
3 months	881.5-2	+1	876.5-7.5	-9.25
Settlem't	856	+4	—	.....
Cathodes				
Cash	854.5	+4	850-.5	-5
3 months	878-9	—	873-5	-10.5
Settlem't	855	+4	—	.....
S. Prod	—	.....	*76.5-80	.....

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £855.50, three months £884.00, 82.00, 81.50, 82.00. Kerb: Higher Grade, three months £882.50, 82.00, £2.50. Afternoon: Higher Grade, three months £875.00, 76.00, 75.00, 75.50, 76.00, 77.00, 78.00, 77.50, 77.00. Cathodes, cash £851.00, 49.00, 50.00. Kerb: Higher Grade, three months £877.00, 76.50, 76.00, 76.50, 77.00. Turnover, 16,875 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8680-5	+50	8685-90	+32.5
3 months	8020-30	+60.5	8030-40	+87.5
Settlem't	8685	+50	—	.....
Standard				
Cash	8680-5	+50	8685-90	+32.5
3 months	8000-2	+63.5	8030-40	+87.5
Settlem't	8685	+50	—	.....
Straits E.	†$34.50	.....	—	.....
New York	—	.....	—	

Tin—Morning: Standard; cash £8,660, 75, 80, 90, 85, 80, three months £7,960, 70, 8,000, 05, 02. High Grade, three months £8,001, 15, 20. Kerb: Standard, three months £8,010, 20, 05. Afternoon: Standard, cash £8,680, late Jan £3,700, three months £8,030, 8,000, 05, 10, 8,000, 10, 50, 40. Kerb: Standard, cash £8,690, three months £8,050. Turnover: 3,650 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	347-.5	-8.25	343-4	-8
3 months	355.5-6.5	-11.5	353-4	-7.75
Settlem't	347.5	-8.5	—	.....
U.S. Spot	—	.....	*28-34	.....

Lead—Morning: Cash £347.50, three months £362.00, 60.00, 58.00, 57.00, 56.00, 55.00, 54.00, 55.00, 56.00, 56.50, 56.00. Kerb: Three months £356.00, 55.00, 54.00. Afternoon: Three months £354.00, 53.00, 62.00, 53.00, 54.00, 55.00. Turnover: 9,425 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	435-.5	-10.5	436-7	-3.5
3 months	435.5-6.5	-12.7	440.5-1	-2.75
S'ment	435.5	-10.5	—	.....
Primw'ts	—	.....	*42-50	—

Zinc—Morning: Cash £434.50, 34.00, 33.00, 39.50, 440.00, 39.00, 38.00, 37.00, 36.00, 35.00, 34.00, 36.00, 37.00, 38.00, 37.00, 36.00. Kerb: Three months £437.00, 38.00, 39.00. Afternoon: Three months £437.00, 36.00, 37.00, 38.00, 39.00, 41.00. Kerb: Three months £441.00, 40.00, 40.50. Turnover: 13,025 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	590.5-1.5	-.5	596.5-7.5	+4
3 months	614.5-5	-2	620-.5	+2.5

Aluminium—Morning: Three months £618.00, 19.00, 18.50, 18.00, 17.00, 15.00, 14.00, 14.50. Kerb: Three months £615.00. Afternoon: Three months £616.00, 17.00, 18.00, 19.00, 20.00, 20.50. Kerb: Three months, £619.00. Turnover: 6,700 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3085-90	+87.5	3070-5	+32.5
3 months	3110-15	+72.5	3100-5	+30

Nickel—Morning: Three months £3,135, 30, 25, 10, 15, 20, 15. Kerb: Three months £3,115, 10, 3,100. Afternoon: Three months £3,100. Kerb: Three months £3,105, 01. Turnover: 360 tonnes.

* Cents per pound † M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 6.95p an ounce higher for spot delivery in the London bullion market yesterday at 423.05p. U.S. cent equivalents of the fixing levels were: spot 791.5c, up 5.7c; three-month 818.4c, up 5.6c; six-month 848.7c, up 4.3c; and 12-month 907c, up 5.4c. The metal opened at 417-421p (785-790c) and closed at 420-424p (787-792c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	423.50p	+7.40	420.75p	-0.55
3 months	437.05p	+6.65	434.9p	-0.80
6 months	451.45p	+6.65	—	.....
12months	480.45p	+6.05	—	.....

LME—Turnover: 77 (87) lots of 10,000 ounces. Morning: Three months 438.5, 37.5, 37.0, 38.0. Kerb: Three months 439.5. Afternoon: Three months 434.5, 35.0, 34.8. Kerb: Three months 435.0.

COCOA

Futures traded at levels unchanged from the opening call before commission house book-squaring caused prices to slip at the close. Actuals business remained quiet, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	1218-19	-2.0	1227-17
May	1198-99	-3.5	1208-97
July	1207-08	-2.0	1216-07
Sept	1216-17	-2.5	1229-16
Dec	1224-25	-5.0	1250-24
March	1235-36	-7.0	1235
May	1241-44	-6.5	—

Sales: 1,191 (2,944) lots of 10 tonnes.

ICCO—Daily price fob Jan 22: 99.40 (100.41). Indicator price for Jan 23: 100.08 (99.80). U.S. cents per pound.

COFFEE

Strong trade buying emerged during a steadier than expected opening, reports Drexel Burnham Lambert. A reluctance to follow early weakness in New York prompted further support.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Jan	1132-34	-12.5	1135-27
March	1147-48	-11.0	1150-42
May	1117-19	-15.5	1124-16
July	1106-07	-14.5	1116-05
Sept	1100-02	-15.5	1110-00
Nov	1095-97	-19.5	1100-97
January	1090-92	-22.0	1092

Sales: 3,400 (3,329) lots of 5 tonnes.

ICO indicator prices for January 21: (U.S. cents per pound): Comp daily 1979 123.24 (123.30); 15-day average 123.93 (123.95).

GAS OIL FUTURES

Prices opened lower again to reflect the continuing physical weakness but traded steadily near the top of the range for most of the day on short-covering, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
January	299.00	-2.00	300.00-98.00
February	298.75	-3.50	300.00-99.00
March	294.00	-1.50	294.50-92.00
April	287.00	-3.25	287.50-84.00
May	285.75	-1.75	286.00-84.75
June	285.50	+1.25	286.25-85.00
July	285.25	+2.75	—
August	290.00	+4.00	—
Sept	295.00	+6.00	—

Turnover: 2,023 (3,298) lots of 100 tonnes.

GRAINS

The market opened slightly higher on old crops and unchanged on new crops. After drifting, the market saw more aggressive hedge selling before shipper and commercial buying gave some support. New crops remained in a narrow range, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterd'ys close	+ or —
Jan	110.08	+0.10	106.65	+0.35
Mar	112.15	-0.15	108.45	-0.45
May	115.90	-0.20	111.80	-0.45
July	119.00	-0.05	—	—
Sep	107.05	+0.10	102.70	+0.10
Nov	110.70	+0.05	106.55	.....

Business done—Wheat: Jan 110.10-110.00, March 112.45-112.00, May 116.25-115.65, July 119.10-119.00, Sept 107.05-06.90, Nov 10.65-110.60. Sales: 267 lots of 100 tonnes. Barley: Jan 106.55 only, March 109.00-108.35, May 112.55-111.70, Sept 102.70-102.60, Nov 106.55-106.50. Sales: 149 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, Feb 120.50, March 121.25 transhipment East Coast. U.S. Hard Winter, 13½ per cent, Feb 10/March 10 117.50 transhipment East Coast. English Feed fob Jan 112.50, Feb 115, March 118.50 East Coast. Maize: French Jan 123.50 transhipment East Coast. South African Yellow March 76.50 quoted. Barley: English Feed fob Feb 112.25 seller Bristol Channel, April/June 116.25 East Coast, Feb 112.50 paid Peterhead. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 106.40, E Mids 106.40, N East 106.70, Scotland 106.90. The UK Monetary Coefficient for the week beginning Monday January 25 is expected to remain unchanged.

RUBBER

The London physical market opened unchanged, attracted good interest throughout the day and closed on a steadier note. Lewis and Peat recorded a February fob price for No. 1 RSS in Kuala Lumpur of 209.0 (208.0) cents a kg and SMR 20 183.0 (182.5).

No. 1 R.S.S.	Yest'rys close	Previous close	Business Done
Feb	51.20-51.50	50.10-51.00	50.70-50.80
Mar	52.10-52.50	50.70-52.00	52.10
Apl-Jne	54.20-54.30	53.30-53.40	54.40-53.00
Jly-Sept	57.70-56.80	56.50-56.60	57.50-56.60
Oct-Dec	60.60-60.60	59.50-59.60	60.70-59.80
Jan-Mar	63.70-63.80	62.70-63.00	63.90
Apl-Jne	66.60-66.70	65.70-66.00	66.90-66.70
Jly-Sept	69.60-69.70	68.70-69.00	69.70
Oct-Dec	72.70-72.80	71.60-72.00	72.80-72.80

Sales: 510 (274) lots of 15 tonnes, 16 (1) lots of 5 tonnes.

Physical closing prices (buyers) were spot 50.00p (49.50p); Feb 51.25p (51.0p); March 51.50p (51.25p).

SOYABEAN MEAL

The market opened unchanged on lack of fresh news, reports T. G. Roddick. Prices were eroded despite a weaker sterling in quiet conditions.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
February	155.80-55.9	-1.85	155.80-55.5
April	154.20-54.3	-0.80	154.80-54.50
June	152.40-52.5	-0.30	153.00-52.50
August	152.90-53.0	-1.05	153.50-53.0
October	154.00-54.0	-0.75	154.5
Dec	156.00-58.0	-1.60	156.00
Feb	156.00-57.5	-0.25	—

Sales: 128 (199) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £167.00 (£162.00) a tonne cif Jan-Feb-March shipment. White sugar daily price £178.00 (£172.00).

The market opened about unchanged and, after the LDP was raised, it consolidated at the higher levels. Nearby March was particularly in demand, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
March	177.60-77.70	174.10-74.50	177.60-74.80
May	179.55-79.60	177.00-77.35	179.75-77.25
Aug	182.40-82.50	179.50-79.80	182.50-79.85
Oct	185.50-85.60	182.50-85.00	185.75-84.30
Jan	186.50-87.00	184.00-85.25	—
Mar	191.25-91.50	188.50-89.50	192.00-91.00
May	192.00-95.00	183.50-93.00	—

Sales: 5,624 (2,390) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £274.00 (same) a tonne fob for home trade and £277.00 (£272.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Jan 21: Daily price 12.72 (12.74); 15-day average 12.71 (12.72).

*

GRIMSBY FISH — Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.80-£4.00, codlings £2.50-£3.00.

AMERICAN MARKETS

NEW YORK, January 22

Cocoa prices collapsed on producer selling which touched off stop-loss selling. Sugar came under pressure from profit-taking as some of the rumoured sales did not materialise. Cotton was lower on commission house selling which touched off stop-loss selling. Heating oil was lower on technical selling and on further price reduction by oil companies. Copper was lower on technical selling and commission house liquidation on re commission house liquidation on reports that no cutbacks in production are contemplated, reported Heinold.

Copper—Jan 70.55 (71.35), Feb 70.65 (71.45), March 71.60-71.70, May 73.50-73.60, July 75.30-75.50, Sept 77.25, Dec 79.90, Jan 80.90, March 82.80, May 84.65, July 86.50, Sept 88.35.

*Gold—Jan 378.0 (375.8), Feb 378.0-378.3 (376.5), March 380.0, April 384.8-386.0, June 392.0-395.0, Aug 403.0, Oct 413.0, Dec 422.6, Feb 432.7, April 442.0, June 453.2, Aug 463.6, Oct 473.9.

Potatoes (round whites)—Feb 78.2-81.0 (79.0), March 82.2-82.3 (83.0), April 87.7-87.9, Nov 77.7-79.0.

¶Silver—Jan 783.7 (784.4), Feb 785.6 (786.2), March 792.0-794.0, May 811.0-814.0, July 833.0, Sept 851.4, Dec 81.0, Jan 890.8, March 910.4, May 930.0, July 949.6, Sept 969.2. Handy and Harman bullion spot: 789.00 (792.00).

Sugar—No. 11: March 13.58-13.59 (12.62), May 13.67-13.69 (12.80), July 13.85-13.89, Sept 14.07, Oct 14.28, Jan 14.43, March 14.85-14.88, May 14.85-14.95. Sales: 7,524.

Tin—710.00-742.00 (688.00-740.00).

CHICAGO, January 22

Lard—Chicago loose 20.50 (20.00).

Live Cattle—Feb 61.95-62.05 (61.57), April 60.80-60.65 (60.90), June 60.10-60.20, Aug 59.05-58.90, Oct 57.45-57.30, Dec 58.35.

Live Hogs—Feb 39.65-49.50 (49.15), April 47.05-47.15 (47.35), June 50.20-50.02, July 50.90-50.80, Aug 49.75, Oct 47.80-47.75, Dec 48.60-48.50, Feb 48.35.

‡‡Maize—March 272¾-272½ (272¾), May 282½-282¼ (282), July 287¾-287½, Sept 290½, Dec 295-294½, March 307.

Pork Bellies—Feb 68.20-68.00 (67.70), March 68.60-68.20 (68.52), May 69.70-69.80, July 70.20-70.40, Aug 69.60.

†Soyabeans—March 643½-643 (642¾), May 658-655¾ (655¼), July 669½-669¾, Aug 672-672½, Sept 673, Nov 678½-678, Jan 693, March 708.

‖Soyabean Meal—March 190.6-190.5 (191.6), May 193.0-192.8 (193.4), July 195.7-195.3, Aug 196.0-196.5, Sept 196.5-196.8, Oct 198.0, Dec 200.0, Jan 200.-201.0.

Soyabean Oil—March 19.56-19.60 (19.50), May 20.26-20.27 (20.17), July 20.85-20.88, Aug 21.12, Sept 21.25-21.30, Oct 21.45, Dec 21.85, Jan 21.80-21.85, March 21.88-22.00.

†Wheat—March 378½-379 (381¼), May 389½-389¼ (392¼), July 394¼, Sept 406-406½, Dec 423, March 436½.

WINNIPEG, January 22

§Barley—March 128.00 (129.10), May 130.40-130.50 (131.00), July 131.70, Oct 132.80, Dec 135.00.

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 242.14 (242.59).

*Platinum—April 356.5-358.0 (356.9), April 362.0-364.0 (361.4), July 374.0, Oct 384.0-386.0, Jan 402.0-404.0. Sales: 1,600.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Thursday's closing prices

††Cocoa—March 2127 (2154), May 2126 (2145), July 2137, Sept 2151, Dec 2171, March 2191. Sales: 920.

Coffee—"C" Contract: March 138.25-138.75 (139.59), May 130.30-130.50 (123.04), July 127.75-127.90, Sept 125.01-125.50, Dec 122.00-123.50, March 121.75, May 118.00-124.00. Sales: 3,900.

Cotton—No. 2: March 64.41-64.50 (64.64), May 66.25-66.30 (66.40), July 68.05, Oct 70.50, Dec 71.50-71.55, March 72.70-73.00, May 73.75-74.25, July 74.25-74.75. Sales: 4,250.

CHICAGO, January 21

Chicago Imm Gold—March 379.5-380.0 (377.3), June 392.0-392.5 (389.4), Sept 405.4, Dec 419.6, March 434.4, June 449.4, Sept 464.6.

INDICES

FINANCIAL TIMES

Jan. 21	Jan. 20	Month ago	Year ago
260.20	250.20	247.56	254.02

(Base: July 1, 1952=100).

DOW JONES

Dow Jones	Jan. 21	Jan. 20	Month ago	Year ago
Spot	126.86	126.32	—	—
Futr's	133.31	133.54	—	—

(Base: December 31, 1974=100)

MOODY'S

Jan. 21	Jan. 20	Month ago	Year ago
1006.9	1001.7	975.6	1188.6

(December 31, 1931=100)

REUTERS

Jan. 22	Jan. 21	M'nth ago	Year ago
1621.1	1614.8	—	1684.4

(Base: September 18, 1931=100)

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Jan 374 seller, nil; March 367, 369, nil; May 375, 378, 377-376; Aug 389, 390, 391-389; Oct 392, 393, 391; Dec 399, 400, 399-397; Jan 400, 402, 400-398; March 408, 412, nil; May 413, 422, nil. Sales: 36.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 497.5, 498.0, 498.0-495.0; May 506.9, 507.0, 507.0-506.5; July 514.0, 514.5, 514.0-512.5; Oct 512.0, 513.0, 512.4-511.5; Dec 515.5, 516.0, 516.0-515.0; March 520.9, 521.0, 521.0-520.9; May 525.0, 526.0, 526.0; July 528.5, 530.0, untraded. Sales: 72.

POTATOES

LONDON POTATO FUTURES—Further profit-taking in early dealing was short-lived, and the market found fresh buying to close firm at the highs, reports Coley and Harper. Closing prices: Feb 103.00, +4.00 (high 103.00, low 99.50); April 132.50, -7.00 (high 132.50, low 124.70); Nov 69.40, +0.70 (high 69.40, low 68.00). Turnover: 974 (1,041) lots of 40 tonnes.

BANKS, DISCOUNT (794)

BREWERIES (410)

COMMERCIAL (9,141)

A—B

Amstrad Cons Elect. 185 7 90
Anchor Chem. 79
Anderson. Strathclyde 91 ½ 2 ½
Anglia Tele NV A 115 6 7 8 9 ½ 20½ 20 1
Appleyard 69
Applied Comp. Techs (10p) 1499
Aquascutum (5p) 31 2 (20/1). A (5p) 31 ½ ½ 2½ 2 ½
Arcolectric A NV (5p) 15 (19/1)
Argyll Foods (10p) 95 6 7

British Aerospace (50p) 202 3 4 4 5 5½ 6 7
British American Film Hldgs. (5p) 77
British Aluminium (50p) 60 5 6
British Benzol Carbonising (10p) 192 9
British Build Engineer Appliances 63 4 (15/1)
British Car Auction Group (10p) 75½ 5 ½
British Dredging 32

LONDON TRADED OPTIONS

Jan. 22 Total Contracts 3,015. Calls 2,534. Puts 481.

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	280	32	55	40	—	46	—	304p
BP (c)	300	18	67	28	—	36	2	"
BP (c)	330	10	55	17	—	22	—	"
BP (p)	300	18	—	24	50	30	—	"
BP (p)	330	38	6	46	1	54	—	"
BP (p)	360	68	5	72	—	—	—	"
CU (c)	130	15	11	22	—	24	—	135p
CU (c)	140	9	98	15	—	19	16	"
Cons. Gld (c)	460	32	—	45	2	52	—	459p
Cons. Gld (c)	500	18	11	30	7	—	—	"
Cons. Gld (p)	420	10	1	15	—	20	—	"
Cons. Gld (p)	460	25	—	32	10	52	—	"
Cons. Gld (p)	500	52	—	62	10	—	—	"
Ctlds. (c)	50	35	47	39	—	—	—	82p
Ctlds. (c)	70	15½	66	19	—	24	—	"
Ctlds. (c)	80	7	102	9½	133	14	27	"
GEC (c)	750	96	10	120	—	—	—	830p
GEC (c)	800	54	6	77	—	100	1	"
GEC (c)	850	23	50	45	3	65	4	"
GEC (p)	750	7	—	12	25	—	—	"
GEC (p)	800	18	—	27	25	30	—	"
GEC (p)	850	35	34	45	—	49	—	"
Gr'd Met. (c)	160	37	31	42	10	—	—	195p
Gr'd Met. (c)	180	18	42	25	5	30	—	"
Gr'd Met. (c)	200	8	35	13	4	16	5	"
Gr'd Met. (c)	220	4	11	—	—	—	—	"
Gr'd Met. (p)	180	8	26	12	—	13	—	"
Gr'd Met. (p)	200	15	1	20	—	23	—	"
Gr'd Met. (p)	220	29	13	—	—	—	—	"
ICI (c)	260	78	—	86	2	—	—	334p
ICI (c)	280	58	68	65	3	—	—	"
ICI (c)	300	38	214	48	5	54	2	"
ICI (c)	330	17	72	26	1	36	—	"
ICI (p)	280	3	75	8	—	—	—	"
ICI (p)	300	8	20	14	—	18	—	"
ICI (p)	330	17	21	24	—	28	—	"
Land Sec. (c)	280	41	4	48	—	57	5	308p
Land Sec. (c)	300	26	6	33	3	43	—	"
Land Sec. (c)	330	11	22	18	—	—	—	"
Mks & Sp. (c)	120	25	1	30	—	—	—	141p
Mks & Sp. (c)	130	15½	6	20	2	24	8	"
Mks. & Sp. (c)	140	7½	16	11½	—	11½	—	"
Shell (c)	360	35	1	48	—	54	—	384p
Shell (c)	390	16	34	28	3	38	—	"
Shell (p)	360	10	7	18	6	24	10	"
Shell (p)	390	26	—	30	12	38	—	"
Shell (p)	420	46	2	52	—	—	—	"
		February		May		August		
Barclays (c)	460	12	7	25	—	47	1	458p
Barclays (c)	500	3	14	—	—	—	—	"
Imperial (c)	60	16½	33	17	5	19	60	75p
Imperial (c)	70	7	8	8½	15	12	41	"
Imperial (c)	80	2	108	3½	—	6	7	"
Imperial (c)	70	2	10	5½	3	5½	—	"
Lasmo (c)	390	15	3	30	—	52	—	"
Lasmo (c)	420	6	—	18	1	32	—	"
Lasmo (c)	460	4	—	13	1	22	—	"
Lasmo (c)	360	25	—	48	1	64	—	374p
Lonrho (c)	70	14	8	17	—	18	50	83p
Lonrho (c)	80	5	99	8	20	10	54	"
Lonrho (c)	90	1½	—	4	21	4½	25	"
Lonrho (p)	80	3½	40	6	6	9	—	"
Lonrho (p)	100	21	10	—	—	—	—	"
P & O (c)	100	47	—	52	4	—	—	142p
P & O (c)	110	37	13	42	5	—	—	"
P & O (c)	120	27	6	33	—	36	—	"
P & O (c)	130	19	32	25	15	31	—	"
P & O (c)	140	10	145	19	36	21	—	"
Racal (c)	360	33	10	45	1	60	—	388p
Racal (c)	390	14	14	25	6	43	5	"
Racal (c)	420	3	91	15	—	28	—	"
Racal (c)	460	1	—	8	—	15	12	"
Racal (p)	360	4	—	6	2	10	—	"
Racal (p)	390	15	2	22	12	25	10	"
Racal (p)	420	35	—	38	—	40	1	"
Racal (p)	460	75	—	78	2	80	2	"
Racal (p)	500	115	2	118	—	—	—	"
RTZ (c)	390	54	—	60	10	72	—	429p
RTZ (c)	420	25	10	40	12	57	3	"
RTZ (c)	460	9	4	27	68	37	—	"
RTZ (c)	500	6	30	13	—	25	12	"
RTZ (p)	420	12	12	17	2	28	—	"
Vaal Rfs. (c)	55	6½	—	7½	1	10¼	2	$60
Vaal Rfs. (c)	60	3	15	4¼	—	7	7	"
Vaal Rfs. (p)	55	2	2	3½	4	4	—	"

C=Call P=Put

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barnsley (0226 203232)	14¼	½-year	1,000	3
Knowsley (051-548 6555)	14⅜	½-year	1,000	4-8

هكذا من الأصل

Stock Exchange dealings

The list below, restricted mainly to equities and convertible stocks, has been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. It shows prices at which business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman checking system.

The prices are not in order of execution, but in ascending order which denotes the day's highest and lowest dealing price.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business done during the previous four business days is given with relevant dates appended. The number of bargains done on Thursday in each section is shown against the respective sub-headings. Unless otherwise indicated the shares are 25p fully-paid.

‡ Bargains at special prices. Δ Bargains done with a non-member or executed in overseas market. ◉ Bargains done previous day. $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Me—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

Ford (Martin) (10p) 25½ 6
Forminster (10p) 110
Fortnum Mason 725 (15/1)
Forward Technology 59 61½
Foseco Minsep 193 4 5½ 5 6½ 6 7 8 9. 8¼pc2ndPf. 113 (20/1). 10pcUns.Ln. 113 (20/1)
Foster Bros Clothing 58 60
Foster (John) Son 29½ 30 ½
Fothergill Harvey 119 20
Francis Industries 75 6½
Francis Parker (10p) 20½ 1½. 7½pcUns. Ln 64 (19/1)

Locker (Thomas) (Hldgs) (5p) 13 (20/1). A (5p) 12
London Liverpool Trust (10p) 46 ½ 7 8
London Midland Industrials 94 5 6½
London Northern Gp 39½ 40
London Brick 73 ½ 4 ½ 5 ½. 14pcLn 123 5
Lone Star Inds Com ($1) 14 (20/1)
Longton Industrial Hldgs 37
Lonrho 78¼ 9 80 ½ 1 ½ 2½
Lonsdale Universal 36 7
Lookers 54 5

C—D

E—F

G—H

I—J—K

L—M

N—O—P

Q—R—S

T—U—V

W—Y—Z

FINANCIAL TRUSTS (384)

INSURANCE (429)

INVESTMENT TRUSTS (478)

MINES-MISCELLANEOUS

MINES-SOUTH AFRICAN

OIL

PROPERTY

UNIT TRUSTS (7)

[illegible]

UTILITIES (20)

[illegible]

UNLISTED SECURITIES MARKET (207)

[illegible]

PLANTATIONS (25)

[illegible]

RAILWAYS (1)

[illegible]

SHIPPING (161)

[illegible]

RULE 163 (1) (e)

Bargains marked in securities which are quoted or listed on an Overseas Stock Exchange.

[illegible]

Myer Emporium 84 5 (19/1)
Negri River 200 17 18 ½ (20/1)
New Metal Mines 12
Newmont Mining Corp. £19⅛
New Town Prop. 253
New Zealand Forest Products 135 (20/1)
Nickelore 27
Noranda Mines 850 (19/1)
North Broken Hill 150
Northern Mining (A$0.30 pd.) 194
North West Mining 19
Oakbridge 99 (20/1)
Ocean Res. 23 (20/1)
Offshore Oil (A$0.05) 20½ ½ 7 ½
Offshore Oil (A$0.10) 23
Ohio Res. 52 5 6 7 80 1

[illegible]

Sehrust A 44 50
Selrust 2.65½ 8
Shackleton Pet 13 ¾ 14 15 16
Sharp Cpn 191 (19/1)
Shell Canada A 770 (20/1)
Singapore Land S$8.67 (20/1)
Sleigh (H. C.) 63 (19/1)
South African Manganese 116 18 (20/1)
Southern Goldfields 8 (19/1)
Southern Pacific Pets. 17¼ 18⅛ 38 ½ 19 20 1 2 ½
Spargo 17 19
Standard Oil of California $US35⅞
Standard Oil of Indiana £25 ⅞
Standard Oil of Ohio $US35¼ £18⅞ (20/1)
Steep Rock Iron Mines 203 (20/1)
Stirling Pets 7
Straits Trading 219 (15/1)
Strata Oil 450 9½
Strata Oil Opts 35 6 (20/1)
Sturts Meadow Pros. 660 6 8 ½ 70 1
Swan Res 32½
Swire Pacific A 102½ 3
Swire Props 61½ 2 ½
Tara Expl 460 (19/1)
Target Pet 28 (18/1)
Target Pet (A$0.15 pd) 16½
Teck Cpn B 405
Texas Oil and Gas £16⅝
Timor Oil 5 (18/1)
Tri-Continental £10⅛ (20/1)
Unidev 158 (18/1)
Unilever NV (Fl 20) £32.55
Union Oil of California £17
Utd Overseas Land 95
Utd Plants Berhad 141 6 3
Valiant Consd 11 2
Vam 17
Vamgas 600 25 (19/1)
Vulcan Mins 57 (18/1)
Wah Kwong Props 19 (18/1)
Waltons 45 (20/1)
Warrior Res 54 8
Waste Management £17.55
Wattle Gully Gold Mines 9 ½
Westfield Mins 45 (19/1)
Westfert Pet 67
Westinghouse Elect £13⅛ (19/1)
West Trend Res 25 (19/1)
Wheelock Marden A 58½ 60
Whim Creek Cons. 28
Woodside Pets 61¼ 3 ½ 4 5 6
Woolworth Aust. 912½
Woolworths Hldgs 378 (20/1)
Woolworths Class A 363 (20/1)
World Int. 24 (19/1)
York Res 21 (19/1)

RULE 163 (2) (a)

Applications granted for specific *bargains in securities not listed* on any Stock Exchange.

Adnams B £10.10 20 (15/1)
Alliance Bldg Soc 13¹¹⁄₁₆pc Bonds £99.542 543 (15/1)
Ann Street Brewery 305 (19/1)
Blampied (George) £60 (15/1)
Border TV A N-V 20 20 (18/1)
Burrough (James) 115 (19/1)
Camra (Real Ale) Invests 100 (20/1)
Cannon St Invest 6 (19/1)
Channel Islands Comms TV 50 1
CIC Inv 10p ¾
CIC Inv. (1p) ¼ ⅞ (20/1)
Cunninghams, T. W. Thwaites 4½pc Pf. 96 9 (20/1)
Dalbeattie Finance 12 1⁄16 3 (18/1)
De Gruch (Abraham) New 140 (15/1)
ESI 90
Flight Spares 235½ 7
Gibbs (M.) 229 30½ 2
GRA Prop Tst 14¾ 5 ¼ ½
Grendon Trust 11pc Uns Ln £32¾ 3
Home Brewery 620 5
Instant Starter 1½ ¼ (20/1)
Intervision Video (Hldgs) Pfd 31 2 ½ 3
Jennings Bros 168
Jessel Trust 9 ½ 10 ½ (20/1)
Mainline El. 12pc Cnv Pt Pfd Rd 3½ (18/1)
Manchester Utd FC 170
Le Riches Stores 235 6 7
Nationwide Leisure 9½ 10½
NMW Computers 137
Norota Villiers Triumph 2
Oil and Gas Expln 30 (19/1)
Pan Atlas 7½ 8 (20/1)
PMPA Ince 45 (20/1)
Pentlow Hldgs 53
Plantation and Gen Invs 66 (20/1)
Rangers FC £18 (20/1)
Retoco 6 7 (18/1)
Rowe Evans Inv 43 (18/1)
Selton Hotel 215 (20/1)
Severn Valley Railway 80 90 (18/1)
Shepherd Neame A 250 2 (20/1)
Sheraton Sec Intnl 11¼ (20/1)
Southern Newspapers 159¼ 60 (18/1)
Tisbury Brewery 110 20
Twinlock 13 ½ (19/1)
Weetabix A (N-V) 77¾ 8½ (20/1)
Welsh Inds Inv Trust 90 (15/1)
Yelverton Invs 31 ¼

RULE 163 (3)

Dealings for approved companies engaged solely in mineral exploration.

American Oilfield Systems 122
Aran Energy (Ir£0.20) 20 1⁄16 2 4 ¼ 5
Atlantic Resources (Ir£0.25) 190 (20/1)
Berkeley Exploration and Production 380 2 3 5 7
Cambridge Petroleum Royalties 265 ½ 7
Candecca Resources 202 3 4 5 6
Celtic Basin Oil Expl. 212 20 (20/1)
Gaelic Oil (Ir£0.20) 130
Kenmare Oil Exploration 100 1½
Osprey Petroleum 83 (15/1)
Steaua Romana (British) 50 5
Sun Oil (UK) Oil Royalty Stock 175 80 5 90

(By permission of the Stock Exchange Council)

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

[illegible]

MONEY MARKETS

London clearing bank base lending rates 14 per cent (since January 22)

The Bank of England trimmed a further one eighth of a point *off its dealing rates yesterday*, buying bills as low as 13⅞ per cent. This makes a reduction *of half* a point this week, matching the half point drop in clearing banks' base rates announced yesterday.

The Bank gave an early forecast of a shortage of £200m. This was later revised to £400m and then to £450m. Factors affecting the market included bills maturing in official hands −£105m, Exchequer transactions −£20m and a rise in the note circulation −£110m. The *Bank gave assistance in the* morning totalling £76m, making purchases of £2m of eligible *bank bills in* band 1 (up to 14 days) at 14 per cent, £1m of local authority bills at 13⅞ per cent and £1m of Treasury bills at 14 per cent. In band 2 (15-33 days) it bought £72m of *eligible bank bills at 13⅞-13¹⁵⁄₁₆* per cent.

In the afternoon the authorities gave further help of £350m, making a grand total for the day of £426m. The afternoon help comprised purchases of £1m of Treasury bills in band 1 at 13⅞ per cent, £10m of Treasury bills in band 2 at 13⅞ per cent and £93m of eligible bank bills in band 2 at 13⅞ per cent. It also entered into a sale and repurchase agreement on £246m of bills at 14-14⅛ per cent, unwinding on January 29. *In the interbank market week*-end money touched 18 per cent at one point but traded as low as 10 per cent in places.

EXCHANGES AND BULLION

Sterling was weaker against most major currencies yesterday, following a half point cut in UK clearing banks' base rates. The pound finished above its worst level of the day however with the level of trading at a *typical low level ahead of the* weekend. Against the dollar sterling opened at $1.8775 and touched a best level of $1.8810 in the morning before slipping to a low of $1.8660. By mid afternoon it had recovered to $1.8725 and closed at $1.8725-1.8735, a fall of 80 points from Thursday's closing level in London. On Bank of England figures, sterling's trade weighted index fell to 90.9 from 91.4, having stood at 90.6 at noon and 91.1 at the opening.

The dollar was slightly firmer, reflecting a small increase in *Euro-dollar rates*. However there was considerable uncertainty as to how U.S. rates would react to what seems like a concerted effort by major European nations to reduce interest rates. Against the D-mark it rose to DM 2.3065 from DM 2.2975 and SwFr 1.8525 compared with SwFr 1.8435 in terms of the Swiss franc. It was also firmer against the Japanese yen, closing at its best level since mid November last year at 227.0 from Y225.60 on Thursday. On Bank of England figures the dollar's trade weighted index rose from 108.9 to 109.3.

Gold fell $2⅞ an ounce in quiet trading to close at $374½-$375½.

THE POUND SPOT AND FORWARD

Jan 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8660-1.8810	1.8725-1.8735	0.12-0.02c pm	0.45	0.10-0.20dis	−0.32
Canada	2.2270-2.2410	2.2345-2.2355	0.03cpm-0.07dis	−0.11	0.35-0.50dis	−0.76
Nethlnd.	4.71-4.75	4.73-4.74	1⅞-1⅝c pm	4.12	4¾-4¼ pm	3.80
Belgium	73.00-73.80	73.45-73.55	10-30c dis	−3.26	100-120 dis	−5.99
Denmark	14.05-14.15	14.14-14.15	1½-¼ore pm	0.64	½-2 dis	−0.35
Ireland	1.2195-1.2280	1.2245-1.2265	0.28-0.39p dis	−3.28	1.13-1.29dis	−3.95
W. Ger.	4.29½-4.33½	4.31¾-4.32¾	1⅞-1⅜pf pm	4.51	4½-4 pm	3.93
Portugal	124.50-125.50	124.60-125.10	35-160c dis	−9.36	130-410 dis	−8.64
Spain	184.25-185.50	184.60-184.80	15-30c dis	−1.46	80-105 dis	−2.00
Italy	2,308-2,319	2,315-2,317	13-16 lire dis	−7.51	45½-48½ dis	−8.12
Norway	10.95-11.04	10.98½-11.00½	1⅞-1⅜ore pm	1.77	2-⅞ pm	0.52
France	10.93-11.01	10.99½-11.00½	¼-1¼c dis	−0.82	3⅞-4⅞ dis	−1.32
Sweden	10.50-10.58	10.52½-10.53½	2½-1⅞ore pm	2.28	5-4⅞ pm	1.73
Japan	420-428	424½-425½	3.10-2.80y pm	8.33	8.30-8.00 pm	7.67
Austria	30.15-30.35	30.20-30.25	15½-9½gro pm	4.96	38-28 pm	4.37
Switz.	3.44½-3.48½	3.46¾-3.47¾	2⅝-1⅝c pm	8.48	5⅜-4⅞ pm	5.90

Belgian rate is for convertible francs. Financial franc 82.25-82.35.
Six-month forward dollar 0.80-0.90c dis, 12-month 1.55-1.75c dis.

GOLD

	Jan. 22		Jan. 21	
Gold Bullion (fine ounce)				
Close	$374½-375½	(£200½-201)	$377¼-378¼	(£200.1-200.6)
Opening	$376½-377½	(£200½-201)	$375-376	(£198.7-199.2)
Morning fixing	$377.75	(£201.714)	$375.25	(£198.703)
Afternoon fixing	$377.25	(£201.232)	$376	(£199.153)
Gold Coins				
Krugerrand	$386-387	(£206¼-206¾)	$388½-389½	(£206¼-206¾)
1/2 Krugerrand	$199-200	(£106¼-106¾)	$200¼-200¾	(£106¼-106¾)
1/4 Krugerrand	$101½-102½	(£54¼-54¾)	$102-103	(£54¼-54¾)
1/10 Krugerrand	$41½-42½	(£22¼-22¾)	$42¾-43¾	(£22¾-23¼)
Mapleleaf	$387-388	(£206⅜-207¼)	$389½-390½	(£206¾-207¼)
New Sovereigns	$92¼-92¾	(£49¼-49¾)	$92½-93	(£49-49½)
King Sovereigns	$105½-106½	(£56⅜-56⅞)	$105-106	(£55¾-56¼)
Victoria Sovs	$105½-106½	(£56⅜-56⅞)	$105-106	(£55¾-56¼)
French 20s	$90-100	(£48-53½)	$90-100	(£47¾-53)
50 pesos Mexico	$464-468	(£248-250)	$468-472	(£248½-250½)
100 Cor. Austria	$365-368	(£195-196¾)	$368-371	(£195½-197)
$20 Eagles	$500-505	(£267¼-270)	$500-505	(£265½-268)

EXCHANGE CROSS RATES

Jan. 22	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Frank
Pound Sterling	1.	1.873	4.323	424.0	11.00	3.473	4.735	2316.	2.235	73.50
U.S. Dollar	0.534	1.	2.308	226.9	5.873	1.854	2.528	1237.	1.193	39.24
Deutschemark	0.231	0.433	1.	98.32	2.545	0.803	1.095	535.8	0.517	17.00
Japanese Yen 1,000	2.353	4.407	10.17	1000.	25.88	8.171	11.14	5449.	5.259	172.9
French Franc 10	0.909	1.703	3.930	386.4	10.	3.157	4.305	2105.	2.032	66.82
Swiss Franc	0.288	0.539	1.245	122.4	3.168	1.	1.364	667.0	0.644	21.17
Dutch Guilder	0.211	0.396	0.913	89.76	2.323	0.733	1.	489.1	0.472	15.52
Italian Lira 1,000	0.432	0.809	1.866	183.5	4.750	1.499	2.044	1000.	0.965	31.74
Canadian Dollar	0.447	0.838	1.934	190.2	4.922	1.554	2.119	1036.	1.	32.89
Belgian Franc 100	1.361	2.548	5.881	578.2	14.97	4.724	6.442	3151.	3.041	100.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅛-14⅜	13⅝-13⅞	13-14	9⅞-10	6½-7	9⅝-9⅞	14¾-15½	18-20	15-17	5⅜-5⅞
7 days' notice	[illegible]	[illegible]	13-14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SDR linked deposits: one month [illegible] per cent; three months [illegible] per cent; six months [illegible] per cent; one year [illegible] per cent.
ECU linked deposits: one month [illegible] per cent; three months [illegible] per cent; six months [illegible] per cent; one year [illegible] per cent.
Asian $ (closing rates in Singapore): one month [illegible] per cent; three months [illegible] per cent; six months [illegible] per cent; one year [illegible] per cent. Long-term Eurodollar two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal closing rates. The following rates were quoted for London dollar certificates of deposit: one month 13.80-13.90 per cent; three months 14.25-14.35 per cent; six months 15.05-15.15 per cent; one year 15.30-15.40 per cent.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 22)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 9/16	offer 14 11/16	bid 15 5/16	offer 15 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Jan. 22 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◊	Eligible Bank Bills ◊	Fine Trade Bills ◊
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. ◊ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent; four months trade bills 14⅞ per cent.

Approximate selling rate for one month Treasury bills [illegible] per cent; two months [illegible] per cent; three months [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two months [illegible] per cent; and three months [illegible] per cent; one month trade bills [illegible] per cent; two months [illegible] per cent; three months [illegible] per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from January 1 1982. Clearing Bank Deposit Rates for sums at seven days' notice 11½ per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.5169 per cent.

CURRENCY MOVEMENTS

Jan. 22	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.9	−33.0
U.S. dollar	109.3	[illegible]
Canadian dollar	88.8	−16.5
Austrian schilling	116.9	+24.8
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche mark	[illegible]	[illegible]
Swiss franc	152.6	+103.6
Guilder	114.4	+19.9
French franc	80.1	−15.0
Lira	55.2	−57.6
Yen	141.7	[illegible]

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	41.5617	+1.97	[illegible]	±1.5368
Danish Krone	7.91117	[illegible]	+1.08	[illegible]	±1.6412
German D-Mark	2.40989	2.44204	+1.33	[illegible]	±1.1077
French Franc	6.17443	6.21056	+0.59	[illegible]	±1.3733
Dutch Guilder	2.66382	[illegible]	+0.44	[illegible]	±1.5063
Irish Punt	0.684452	[illegible]	+1.24	[illegible]	±1.6689
Italian Lira	1300.67	1309.71	+0.70	[illegible]	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for January 22 [illegible]

OTHER CURRENCIES

Jan. 22	£	$		£ Note Rates
Argentina Peso	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	Denmark	[illegible]
Finland Markka	[illegible]	[illegible]	France	[illegible]
Greek Drachma	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar (KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Fr.	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dlr.	[illegible]	[illegible]	Spain	[illegible]
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden	[illegible]
Singapore Dollar	[illegible]	[illegible]	Switzerland	[illegible]
Sth. African Rand	[illegible]	[illegible]	United States	[illegible]
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	[illegible]

† Now one rate. * Selling rate.

U.K. CONVERTIBLE STOCKS 22/1/82

Statistics provided by DATASTREAM International

Name and description	Size (£m)	Current price	Terms*	Con-version dates§	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Diff.◊	Cheap(+) Dear(−) ◊ Current
British Land 12pc Cv. 2002	9.60	267.50	333.3	80-97	4.5	2.1	−3.3	−6 to 4	30.9	87.4	20.4	+33.7
Hanson Trust 6½pc Cv. 88-93	3.92	158.50	57.1	76-83	4.2	—	−3.7	−8 to −0	8.2	6.3	−1.2	+2.5
Hanson Trust 9½pc Cv. 01-06	42.70	108.00	35.7	85-01	9.4	9.3	5.0	2 to 13	83.2	76.7	−6.3	−11.3
Slough Estates 10pc Cv. 87-90	5.31	221.50	187.5	78-85	4.5	—	−7.0	−7 to −1	28.8	24.9	−0.8	+6.2
Slough Estates 8pc Cv. 91-94	24.88	104.00	78.0	80-91	7.7	7.5	5.0	5 to 14	28.4	44.2	15.9	+10.9

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ◊ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◊ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness.

Base rate cuts provide grand finale for markets responding strongly to interest rate euphoria

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan 11	Jan 21	Jan 22	Feb 1
Jan 25	Feb 11	Feb 12	Feb 22
Feb 15	Feb 25	Feb 26	Mar 8

* "New time" dealings may take place from 9.30 am two business days earlier.

The grand finale for a week which has seen London stock markets respond strongly to mounting optimism of concerted UK/European moves to lower interest rates in the face of contradictory American trends was provided by yesterday's surprise cuts in UK clearing banks base rates. The tone was still buoyant late yesterday with Gilt-edged securities extending this week's gains to around four points despite the announcement of new Government funding at the official close.

Leading shares continued to advance and the FT Industrial Ordinary share index took its rise over the period to 33.6, or 7 per cent, when closing 8.1 up yesterday at 587.2, the highest since September 1 last and around 30 points off last April's all-time peak. The broader-based FT-Actuaries All-share index gained 1.3 per cent more to 323.39 for a week's gain of nearly 5 per cent.

The flow of domestic and overseas funds into Government securities responsible for this week's upsurge slackened yesterday, but quotations refused to give ground. Periods of hesitancy arose because of new funding possibilities and profit-taking. But following assessment of the proposed £750m issue of Index-linked 2½ per cent 2011, the trend after-hours was to higher levels; the two existing index-linked stocks were exceptions, falling some 1½ points.

Exchequer 15 per cent 1997 ended at around 99¼, for a rise of over four points on the week, and other longs were being quoted about ½ above closing list levels. The shorts, in the absence of a new tap stock, were a point up on the session and nearly three points higher over the five days, with the FT Government Securities index moving up 0.22 more to 64.15 for a week's rise of 1.76, or nearly 3 per cent.

Leading shares attracted a good early business. A sharp opening mark-up failed to deter investors and values advanced across a broad front despite end-Account profit-taking and other selling. The tempo faded around noon but revived again after 3.30 pm, when business is allowed without penalty for the three-week Account beginning on Monday, and the closing tone was strong.

Traded options finished a busy week with 3,015 deals completed—2,534 calls and 451 puts. The week's daily average amounted to 2,357, the highest since March 1979. ICI recorded 367 calls, with the April 300's again to the fore with 214 trades arranged. Lonrho and Imps attracted 277 calls apiece, while renewed speculative support resulted in 254 calls taken out in P & O Deferred.

Grass cutting machinery concern Hayters, dealt in the Unlisted Securities Market, firmed 5 to 162p following the preliminary results.

Hambro Life easier

End-Account profit-taking following publication of the group's 1981 new life business figures saw recently-firm Hambro Life touch 318p before a close of 4 down on balance at 321p; Hambros lost 9 in sympathy to 146p, after 140p. Elsewhere in Insurances, Royals added 7 afresh to 353p and Sun Alliance appreciated 14 more to 850p, after 858p.

Following the 1 per cent reductions in their base lending rates to 14 per cent, the major clearing banks closed with gains ranging to 12. Lloyds put on that much to 450p and NatWest rose 10 to 418p. Elsewhere, Royal Bank of Scotland attracted renewed speculative support and finished a couple of pence better at 130p. Mason Finance continued firmly at 84p, up 3, and Wagon Finance put on a similar amount to 42p. Speculative buying lifted Provident Financial 4 to 120p.

Regional Breweries continued to make progress, buoyed by hopes of further takeover attempts within the sector. Matthew Brown, 178p, Wolverhampton and Dudley, 218p, and Greene King, 286p, all added 6, while Home advanced 20 to 630p in a narrow market. Wines and Spirits also finished at the day's best. Arthur Bell added 4 to 158p, while Tomatin responded to recovery hopes and rose 3 to 59p.

The softening of interest rates gave an additional fillip to the Building sector. Blue Circle led the advance, rising 10 to 536p, while Redland gained 5 to 178p and BPB Industries 4 to 342p. RMC added 3 to 202p and Rugby Portland Cement 4 to 87p. Contracting and Constructions had Wimpey 4 up at 101p and Barratt Developments 3 to the good at a 1981/82 peak of 237p. Taylor Woodrow rose 10 to 545p and Costain 7 to 254p.

Gussies up again

The volume of business in ICI increased considerably and the close was a net 8 up at 336p, after 340p. Fisons firmed 5 to 168p.

Leading Stores finished the first leg of the Account on a firm note. Gussies A were again outstanding and rose 8 for a gain on the week of 30 a 483p. W. H. Smith closed 6 to the good at 176p. Renewed takeover speculation prompted some useful rises among secondary counters, Peters advancing 5 to 87p, Owen Owen 10 to 212p and Martin Ford 2 to 27p. D-I-Y issues continued to make progress with A. G. Stanley adding 2 for a gain on the week of 12 at 88p.

Leading Electricals ended the Account on a firm note. Plessey featured with a gain of 8 at 365p, after 370p, while Philips' Lamps put on 17 to 472p. Elsewhere, Standard Telephone and Cables gained 10 to 475p on investment demand and Telephone Rentals appreciated 8 at 340p. Dreamland hardened a couple of pence to 26p on an investment recommendation, while talk of a broker's favourable circular was behind a rise of 3 to 90p in Crystalate. Against the trend, Louis Newmark slumped 65 for a two-day collapse of 100 to 210p on the disappointing interim statement.

Favourable Press mention stimulated fresh demand for Vickers, which advanced further to 176p before settling at 173p, up 6 on the day. John Brown hardened 1½ to 59½, but GKN ended 2 cheaper at 180p, after 184p. Outside of the Engineering leaders, APV advanced 9 more to 257p, while Whessoe, 182p, and Pegler-Hattersley, 192p, gained 6 apiece. United Engineering encountered fresh support and put on 5 further to 277p, but W. G. Allen, reflecting the half-year loss, eased 2 to 46p. Brockhouse continued firmly at 39½p, up 1½, along with Lake and Elliot, 3 to the good at 42p. Canford, on the other hand, eased a shade to 15½p on the annual loss and passing of the final dividend.

Huntley and Palmer featured Foods, jumping 16 to 108p in after hours dealings on strong rumours of an imminent bid from Allied-Lyons, a fraction harder at 72p. United Biscuits put on 5 to 123p in sympathy. Brooke Bond, a neglected market of late, gained 4 to 54p, but Tate and Lyle, after a two-day rise of 10 on the annual results, eased 2 to 218p on profit-taking. Associated Dairies touched 156p before closing a net 6 up at 152p; the interim results are due next Wednesday. Argyll put on 4 to 100p following the agreed acquisition of the Pricerite chain of supermarkets from BATs. Elsewhere, Albert Fisher attracted speculative support and added 1½ to 14½p, while demand in a thin market lifted Hillards 8 to 154p.

Heron bid for ACC

Among the firm miscellaneous industrial leaders, Metal Box, 186p, and Glaxo, 484p, added 8 apiece, while BOC improved 7 further to 158p. Still reflecting talk of a dawn raid, Turner and Newall rose 4 more to 106p, after 109p. Rank Organisation, however, cheapened 5 to 174p on suggestions that the group might announce a sizeable rights issue with Monday's preliminary figures. Pilkington lost 7 to 293p on the adverse tax ruling but still recorded a gain of 33 on the week. Elsewhere, Associated Communications A closed 5 better at 78p but 7 below Heron Corporation's cash counter-bid. Dom Holdings added 6 to 65p in response to the interim results, while investment buying prompted gains of 13 and 14 respectively in Sidlaw Industries, 268p, and BTR, 356p. Sketchley found renewed support at 302p, up 8, while Barget appreciated 8 to 163p. E. Fogarty lost 6 to 72p on the profits warning and proposed factory closures.

Relief that the company has retained the Tory advertising account lifted Saatchi and Saatchi 8 to 365p. John Waddington rose 8 to 102p in a thin market, while Associated Paper, still bolstered by the annual results, added 3 for a two-day gain of 8 to 55p.

The base rate cuts prompted active trading and renewed firmness in Properties. Land Securities closed 9 up around the day's best level of 309p, while MEPC, ex the rights issue, gained 7 to 223p; the new nil-paid shares opened at 33p premium and touched 38p premium before closing at 36p premium. Haslemere Estates were noteworthy for a gain of 12 at 388p.

Oils trade quietly

Oils again failed to attract much attention, but traded on a relatively steady note. British Petroleum opened higher at 306p and fluctuated narrowly before closing 4 dearer on the day at 304p, while Shell closed similarly better at 384p, after 386p. NCC, a good market earlier in the week, gave up 7 to 105p.

Inchcape continued to attract good support in front of next Thursday's interim statement and closed 10 dearer at 320p.

Fresh interest was shown in the Shipping sector, with P and O Deferred closing 4 to the good at 144p after a brisk trade.

Trusts made further headway and closing gains were sometimes substantial. Dualvest Capital moved up 17 to 101p and Groug Investors 10 to 101p. Among Financials, revived [illegible] higher at 187p, while money brokers were featured by [illegible]

Textiles. Stirling were particularly good, rising 7 to 55p, following the increased interim profits and dividend. Speculative support left Textured Jersey 7 up at 92p, while Leeds and District Dyers continued to draw strength from the planned gas-drilling venture in the U.S. and firmed 2 more to 82p.

Gold strong

South African Golds greeted the close of the week and the December quarter reporting season with a show of strength. Aiding the good performance were the well received dividend declarations from Vaal Reefs, Southvaal and Western Deep.

A firm trend in overnight American markets, the good news on the dividend front and a rise in the Rand rate prompted an immediate mark-up of share prices.

Thereafter, sustained buying interest, mainly from Johannesburg, encouraged further good gains which were only marginally eroded by U.S. profit-taking in the afternoon trade.

The Gold Mines index moved up 11.8 to 278.0, a 4.2 gain on the week, while the bullion price held steady around $377 an ounce.

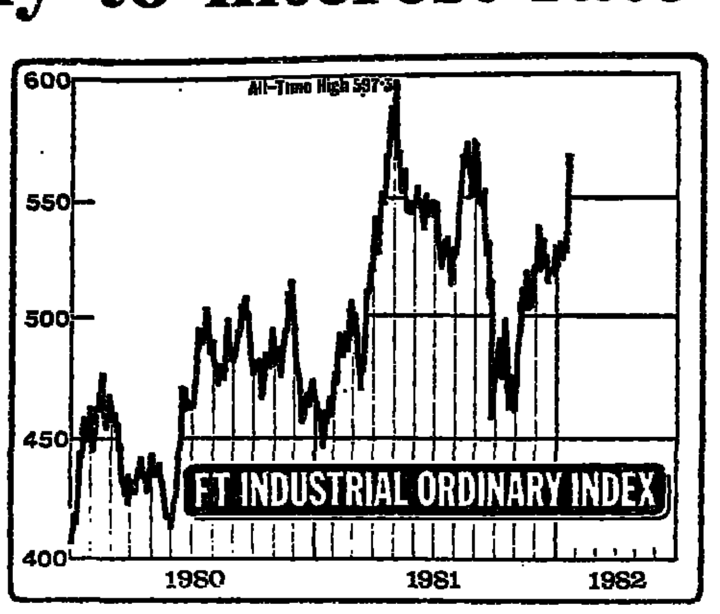
Top-quality heavyweight issues attracted the major portion of the South African buying interest particularly Vaal Reefs, which advanced £1¼ to £32, and Western Deep and Southvaal which rose 1 apiece to £16½ and 215 respectively, all following the dividend declarations.

In the medium and lower-priced stocks, Blyvoor were prominent and finally 31 ahead at 494p while Stilfontein rose 34 to 665p and Kinross 30 to 548p.

South African Financials mirrored Golds, Gencor advanced 50 to 950p, Anglo American Corporation 22 to 630p and De Beers 11 to 352p. "Amgold" rallied ½ to £35½ but lost a net £2½ on the week after widespread rumours that a large line of shares was overhanging the market.

London Financials were inhibited by the uncertainty surrounding base-metal markets, but usually managed minor gains following another buoyant performance by UK equities. RTZ and Gold Fields improved 5 apiece at 458p and 430p respectively.

Australians tended to ignore the overnight gains in domestic markets and closed showing little change. Elsewhere, Tins were featured by Pangkalen, 15 up at a 1981-82 high of 345p, for a week's rise of 35, on persistent bid speculation.



RISES AND FALLS

	Yesterday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	87	2	3	406	3	47
Corpns. Dom. and Foreign Bonds	29	3	40	140	3	217
Industrials	436	110	749	1,997	635	4,155
Financial and Props.	294	29	189	1,061	207	1,294
Oils	22	23	65	112	138	300
Plantations	6	2	16	13	15	92
Mines	77	9	82	214	229	397
Others	93	16	41	279	250	220
Totals	1,106	194	1,185	4,222	1,480	6,722

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Jan 22 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Thurs Jan 21 Index No.	Wed Jan 20 Index No.	Tue Jan 19 Index No.	Mon Jan 18 Index No.	Year ago (approx.) Index No.	1981/82 High	1981/82 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (210)	370.73	+0.9	9.38	4.30	13.24	367.47	361.78	360.43	354.14	276.68	380.30 (28/8/81)	272.28 (15/1/81)	380.30 (28/8/81)	50.71 (13/12/74)
2	Building Materials (25)	324.57	+0.7	13.91	5.29	8.22	322.18	317.26	313.80	307.59	246.61	334.34 (1/5/81)	236.02 (13/1/81)	334.34 (1/5/81)	44.27 (11/12/74)
3	Contracting, Construction (28)	572.94	+1.8	16.33	4.94	7.16	562.90	555.47	552.62	547.55	419.00	610.27 (30/4/81)	403.39 (8/1/81)	610.27 (30/4/81)	71.48 (2/12/74)
4	Electricals (30)	1262.40	+0.6	7.28	2.20	17.37	1255.07	1259.95	1253.60	1209.08	904.71	1266.15 (20/8/81)	888.13 (15/1/81)	1266.15 (20/8/81)	84.71 (25/6/62)
5	Engineering Contractors (9)	517.79	+0.8	12.92	5.46	9.00	513.63	508.98	501.79	504.62	379.58	537.79 (22/1/82)	374.44 (20/1/81)	537.79 (22/1/82)	64.39 (2/1/75)
6	Mechanical Engineering (67)	199.11	+0.8	10.63	5.49	11.98	197.57	194.67	195.52	192.42	163.31	230.26 (24/4/81)	162.47 (15/1/81)	230.26 (24/4/81)	45.43 (6/1/75)
8	Metals and Metal Forming (12)	174.06	−0.2	7.22	6.99	19.17	174.40	169.36	168.53	164.23	127.81	182.17 (1/5/81)	127.24 (14/1/81)	192.29 (4/5/79)	49.65 (6/1/75)
9	Motors (21)	101.75	+0.6	—	6.54	—	101.12	98.61	98.34	95.44	84.67	112.76 (1/5/81)	82.73 (6/1/81)	170.59 (15/1/69)	19.91 (6/1/75)
10	Other Industrial Materials (18)	394.26	+2.3	8.42	5.87	14.51	385.57	376.59	375.60	372.46	283.52	406.13 (14/8/81)	277.55 (15/1/81)	406.13 (14/8/81)	277.55 (15/1/81)
21	CONSUMER GROUP (198)	298.63	+1.3	12.57	5.73	9.77	294.84	279.72	279.24	273.82	233.51	296.18 (17/8/81)	227.50 (14/1/81)	296.18 (17/8/81)	61.41 (13/12/74)
22	Brewers and Distillers (21)	281.82	+1.5	16.62	6.92	7.24	277.44	271.37	274.34	265.78	257.36	325.16 (16/6/81)	244.42 (13/1/81)	325.16 (16/6/81)	69.47 (13/12/74)
25	Food Manufacturing (22)	285.01	+1.4	14.69	6.00	8.18	281.19	278.67	276.45	272.81	212.37	285.01 (22/1/82)	206.64 (6/1/81)	285.01 (22/1/82)	59.67 (11/12/74)
26	Food Retailing (15)	591.30	+1.9	8.93	3.37	13.56	580.06	577.15	573.91	561.68	467.26	617.79 (22/6/81)	449.90 (13/1/81)	617.79 (22/6/81)	54.25 (11/12/74)
27	Health and Household Products (7)	383.74	+1.6	8.15	4.17	14.42	377.66	369.26	366.46	358.95	249.41	383.74 (22/1/82)	245.38 (14/1/81)	383.74 (22/1/82)	175.38 (28/5/80)
29	Leisure (24)	437.24	+1.4	9.25	5.05	13.61	431.33	421.13	423.79	413.60	339.75	476.41 (14/8/81)	327.38 (16/1/81)	476.41 (14/8/81)	54.83 (9/1/75)
32	Newspapers, Publishing (12)	498.77	+1.5	13.95	4.96	11.25	491.55	487.37	483.92	477.86	351.23	506.15 (13/5/81)	345.35 (20/1/81)	506.15 (13/5/81)	55.08 (6/1/75)
33	Packaging and Paper (13)	142.96	+1.2	14.20	7.54	8.40	141.31	137.97	138.31	135.65	111.48	161.79 (15/5/81)	108.85 (14/1/81)	161.79 (15/5/81)	43.46 (6/1/75)
34	Stores (45)	260.47	+1.4	11.06	5.18	12.08	256.90	251.51	251.00	247.86	201.26	294.06 (30/4/81)	211.94 (26/10/81)	294.06 (30/4/81)	52.63 (6/1/75)
35	Textiles (23)	165.99	+1.8	9.60	5.99	13.42	163.71	161.56	159.68	157.87	123.56	172.84 (30/4/81)	120.71 (12/1/81)	235.72 (17/1/67)	62.44 (11/12/74)
36	Tobaccos (3)	282.44	+0.5	20.50	9.23	5.65	281.03	271.34	276.66	275.62	185.50	302.71 (21/10/81)	183.57 (19/1/81)	302.71 (21/10/81)	94.54 (25/6/62)
37	Other Consumer (14)	270.42	+1.4	7.12	6.67	23.26	266.86	263.67	262.46	258.28	234.54	311.40 (1/5/81)	229.84 (28/9/81)	311.40 (1/5/81)	229.84 (28/9/81)
41	OTHER GROUPS (79)	249.51	+1.3	10.24	5.59	12.41	246.30	242.69	241.75	237.66	207.38	249.51 (22/1/82)	191.89 (28/9/81)	249.51 (22/1/82)	58.63 (6/1/75)
42	Chemicals (16)	336.45	+2.5	5.42	5.30	28.89	328.33	329.53	321.78	316.34	274.41	336.45 (22/1/82)	235.35 (13/1/81)	336.45 (22/1/82)	71.20 (13/12/74)
44	Office Equipment (4)	118.72	−1.2	15.90	7.34	7.76	120.18	119.39	113.76	118.09	99.72	123.79 (17/4/81)	96.28 (15/1/81)	[illegible]	[illegible]
45	Shipping and Transport (13)	574.80	+1.1	18.64	6.43	6.38	568.29	559.19	558.60	551.40	551.20	614.76 (24/4/81)	430.28 (28/9/81)	644.76 (24/4/81)	90.80 (29/6/62)
46	Miscellaneous (46)	307.02	+0.6	11.88	5.27	10.25	305.23	300.45	298.86	293.55	252.35	314.60 (3/9/81)	240.93 (28/9/81)	314.60 (3/9/81)	60.39 (6/1/75)
49	INDUSTRIAL GROUP (487)	311.45	+1.2	11.05	5.37	11.20	307.85	302.75	301.91	296.38	245.42	315.22 (17/8/81)	241.24 (15/1/81)	315.22 (17/8/81)	59.01 (13/12/74)
51	Oils (13)	710.41	+1.0	20.04	7.95	5.65	703.37	697.99	707.38	703.60	859.92	923.71 (2/1/81)	686.98 (28/9/81)	1065.24 (30/11/80)	87.23 (29/5/62)
59	500 SHARE INDEX	343.89	+1.3	12.62	5.83	9.65	340.03	334.38	333.97	329.47	294.02	353.93 (17/8/81)	273.40 (15/1/81)	353.93 (17/8/81)	63.49 (13/12/74)
61	FINANCIAL GROUP (118)	256.68	+1.3	—	5.93	—	253.36	249.39	249.44	245.77	233.03	279.45 (1/9/81)	223.02 (28/9/81)	279.45 (1/9/81)	55.88 (13/12/74)
62	Banks (6)	283.70	+2.1	31.76	6.66	3.68	277.90	273.00	274.69	266.79	237.65	291.82 (30/11/81)	220.84 (11/3/81)	291.82 (30/11/81)	62.44 (12/12/74)
63	Discount Houses (9)	216.71	−0.1	—	10.22	—	216.92	219.93	220.13	215.59	300.33	314.03 (20/3/81)	211.15 (7/1/82)	314.03 (20/3/81)	81.40 (10/12/74)
65	Insurance (Life) (9)	253.51	—	—	6.32	—	253.60	253.74	252.42	246.11	238.79	298.44 (1/9/81)	222.74 (7/1/81)	298.44 (1/9/81)	44.88 (2/1/75)
66	Insurance (Composite) (10)	158.85	+0.6	—	8.43	—	157.82	155.06	155.38	152.48	147.03	188.09 (1/9/81)	142.06 (19/1/81)	188.09 (1/9/81)	43.96 (13/12/74)
67	Insurance Brokers (8)	436.40	+2.6	10.69	5.58	12.63	425.41	423.69	421.48	417.67	296.40	443.91 (11/9/81)	294.21 (20/1/81)	443.91 (11/9/81)	65.86 (16/12/74)
68	Merchant Banks (12)	148.33	−0.2	—	5.50	—	148.59	149.10	149.22	149.13	145.50	179.36 (2/7/81)	127.53 (28/9/81)	278.57 (1/5/72)	31.21 (7/1/75)
69	Property (49)	457.58	+1.8	4.73	3.22	28.27	449.31	436.84	435.99	436.60	447.27	517.77 (2/4/81)	377.11 (28/9/81)	517.77 (2/4/81)	56.01 (20/4/65)
70	Other Financial (15)	183.81	+0.9	15.42	5.86	7.92	182.23	180.25	179.20	177.67	169.11	186.99 (13/8/81)	145.06 (28/9/81)	303.18 (18/5/72)	33.29 (17/12/74)
71	Investment Trusts (111)	304.66	+2.6	—	5.31	—	296.80	294.69	292.47	286.10	271.01	332.90 (17/8/81)	257.70 (28/9/81)	332.90 (17/8/81)	71.63 (13/12/74)
81	Mining Finance (4)	225.64	+1.0	15.27	6.30	7.88	223.44	221.78	221.26	218.76	216.10	296.26 (14/8/81)	200.76 (6/2/81)	296.26 (14/8/81)	66.31 (30/9/74)
91	Overseas Traders (17)	425.38	+1.2	12.17	7.48	10.06	420.28	416.72	412.94	408.45	426.04	488.51 (18/5/81)	369.85 (28/9/81)	488.51 (18/5/81)	97.37 (6/1/75)
99	ALL-SHARE INDEX (750)	323.39	+1.3	—	5.71	—	319.39	314.78	314.56	309.52	281.86	338.64 (17/8/81)	265.85 (28/9/81)	338.64 (17/8/81)	61.92 (13/12/74)

FIXED INTEREST

	PRICE INDICES	Fri Jan 22	Day's change %	Thurs Jan 21	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	107.69	+0.70	106.94	—	1.07
2	5-15 years	101.64	+0.46	101.17	—	1.23
3	Over 15 years	104.13	+0.58	103.53	—	0.24
4	Irredeemables	112.90	+0.49	112.35	—	0.00
5	All Stocks	104.12	+0.58	103.53	—	0.84
6	Debentures & Loans	80.98	+0.87	80.28	—	0.26
7	Preference	62.62	+0.24	62.47	—	0.11

	AVERAGE GROSS REDEMPTION YIELDS		Fri Jan 22	Thurs Jan 21	Year ago (approx.)	1981/82 Highs	1981/82 Lows
	British Government						
1	Low	5 years	12.49	12.64	11.62	14.17 (26/10/81)	11.28 (20/3/81)
2	Coupons	15 years	13.80	13.81	12.28	14.49 (26/10/81)	11.86 (20/3/81)
3		25 years	13.61	13.68	12.37	14.53 (26/10/81)	11.88 (6/1/81)
4	Medium	5 years	15.39	15.59	13.35	16.80 (26/10/81)	12.91 (20/3/81)
5	Coupons	15 years	15.43	15.48	13.85	16.45 (26/10/81)	13.32 (20/3/81)
6		25 years	14.81	14.90	13.64	15.90 (28/9/81)	13.08 (20/3/81)
7	High	5 years	15.33	15.54	13.36	16.62 (26/10/81)	12.93 (20/3/81)
8	Coupons	15 years	15.60	15.66	14.08	16.59 (26/10/81)	13.54 (20/3/81)
9		25 years	15.13	15.23	13.86	16.08 (28/9/81)	13.15 (20/3/81)
10	Irredeemables†		13.15	13.20	11.50	14.22 (2/10/81)	11.35 (20/3/81)
11	Debs & Loans	5 years	16.37	16.53	14.58	17.13 (27/10/81)	13.80 (11/3/81)
12		15 years	16.28	16.37	14.51	17.11 (28/9/81)	14.16 (20/3/81)
13		25 years	16.18	16.27	14.43	17.11 (28/9/81)	14.17 (23/3/81)
14	Preference†		15.94	15.98	14.55	16.83 (28/10/81)	14.28 (24/3/81)

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Other Industrial Materials	31/12/80	287.41	Other Financial	31/12/70	128.06
Other Consumer	31/12/80	238.14	Food Manufacturing	29/12/67	114.13
Health/Household Prods.	30/12/77	261.77	Food Retailing	29/12/67	114.13
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67
Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Engineering Contractors	31/12/71	153.84	All Other	10/4/62	100.00
Mechanical Engineering	31/12/71	153.84	British Government	31/12/75	100.00
Office Equipment	16/1/70	128.20	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72

† Flat yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 26½p.

LEADERS AND LAGGARDS

Percentage changes since December 31, 1981 based on Thursday, January 21, 1982.

Shipping and Transport	+ 9.34	Other Industrial Materials	+ 3.04
Health and H'sehold Products	+ 9.16	500 Share Index	+ 2.73
Tobaccos	+ 8.72	Newspapers, Publishing	+ 2.67
Chemicals	+ 8.69	Leisure	+ 2.64
Other Consumer	+ 7.64	Capital Goods	+ 2.40
Motors	+ 7.59	All-Share Index	+ 2.00
Stores	+ 6.90	Insurance Brokers	+ 1.99
Building Materials	+ 6.72	Brewers and Distillers	+ 1.92
Food Manufacturing	+ 6.68	Mechanical Engineering	+ 1.89
Packaging and Paper	+ 6.53	Insurance (Composite)	+ 1.79
Other Groups	+ 5.99	Insurance (Life)	+ 0.60
Consumer Group	+ 5.79	Office Equipment	− 0.20
Contracting, Construction	+ 5.34	Electricals	− 0.22
Food Retailing	+ 5.22	Financial Group	− 0.69
Engineering Contractors	+ 4.64	Property	− 0.79
Industrial Group	+ 4.41	Banks	− 3.21
Metals and Metal Forming	+ 4.29	Merchant Banks	− 4.77
Overseas Traders	+ 4.09	Mining Finance	− 5.38
Textiles	+ 3.99	Oils	− 5.41
Investment Trusts	+ 3.81	Discount Houses	−12.07
		Gold Mines Index	−13.43

RECENT ISSUES

EQUITIES

Issue price p	Amount Paid up	Latest Renunc. Date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P.E. ratio
§30	F.P.	—	30	29½	Asset Speial 10p	29½	......	—	—	—	—
100	F.P.	—	98	96	Baillie GiffordJ'n Tst	98	−1	—	—	—	—
82	F.P.	22/1	86	82	Cussins Prop.20p	85	......	b4.9	2.6	8.2	6.5
‡	F.P.	—	335	315	✻Eldridge Pope £1	335	+5	9.5	2.9	4.1	10.2
80	F.P.	15/1	84	81	✻Equipu. 10p	82	......	bd3.1	2.1	5.4	12.6
—	F.P.	—	10	8	F&C Enter. Warrants	8	......	—	—	—	—
58½	F.P.	—	61	58½	Fledgeling Invs	61	......	2.18	1.0	5.1	—
150	F.P.	4/1	165	156	✻Hayters £1	162	+5	16.15	ϕ	15.0	ϕ
‖‖	F.P.	—	53	52	✻Malaysian Tin 5p	53	......	—	—	—	11.6
US$5.90	F.P.	—	305	260	Newmarket (1981)5c	262	+2	—	—	—	—
§10	F.P.	—	18½	14	✻Owners Abroad10p	18½	+½	b0.5	3.1	3.9	10.0
§§	F.P.	—	9	4½	Peek Hldgs	8	+½	—	—	—	5.4
115	F.P.	—	121	117	Speyhawk 10p	121	+5	bd7.0	2.5	8.3	5.5
—	F.P.	—	5	3½	Viners 1p	4	......	—	—	—	—
46	F.P.	—	49	47	✻York Mount	47	......	b4.51	5.9	15.7	2.0

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price £	+ or −
97.48	£25	—	26½	25	Caisse Nat. Des Auto. 16% Gtd. Ln. 2006	26½	+⅛
100	F.P.	25/2	104	102	Essex Water 10% Red. Prf. 1986	104	......
**	F.P.	—	94	86	Habitat 9½% Conv. Uns. Ln. '98-2001	94	+1
‖	F.P.	—	109	102	Haslemere Est 9pc.Conv Uns Ln. 2001/06	109	+3
£100	F.P.	—	100½	99	Nat'wide Bdg. Society15¾% Bds(24/11/82)	99¼	+¼
£100	F.P.	—	100	99¼	Do. 15¼% Bds. (13/12/82)	99½	+¼
£100	F.P.	—	100¼	99¾	Do. 16¼% (17/1/83)	100¼	+¼
69	F.P.	—	78	64	Pennine Comm. 12pc.Conv.Uns.Ln.1991	68	......
70	F.P.	—	81	54	Do. 15½ pc. Uns. 1986	80	......
100	F.P.	—	101¼	100	Telfos 12% Cnv. 1991	101	......
—	F.P.	—	105	114	Viners 10% Cnv. Loan 1988	105	......

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	■	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −
7½	F.P.	31/12	29/1	8½	7½	Abwood Mach. 7½p	8	......
142	F.P.	29/12	29/1	178	155	Brown (M)	178	+4
2.5A$	Nil	—	—	92pm	50pm	C S R A$1	53pm	
15	Nil	—	—	3pm	1pm	✻Carlton Real Ests.10p	2½pm	+½
55	Nil	—	—	51pm	50pm	Glass Glover	51pm	
R.2.	Nil	—	—	25pm	20pm	Griqualand 5 cts	25pm	......
25	F.P.	—	—	41	33	I.C.L.	41	
180	Nil	—	—	54pm	32pm	Kwik-Save 10p	54pm	+6
44	F.P.	—	—	53	48	Lennons Grp.10p	52	......
188	Nil	—	—	38pm	30pm	MEPC	36pm	......
25	F.P.	—	—	39	26	Telfos 20p	27½	......
50 cts	Nil	10/12	28/1	117pm	103pm	T N T 50c	112pm	+1
50	F.P.	—	—	58	52	Wearwell 5p	56	+1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ϕ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✶ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ✝ Effective issue price after scrip. † Formerly dealt in under Rule 163(2) (a).

FINANCIAL TIMES STOCK INDICES

	Jan. 22	Jan. 21	Jan. 20	Jan. 19	Jan. 18	Jan. 15	A year ago
Government Secs.	64.15	63.93	63.65	63.61	62.96	62.37	59.09
Fixed Interest	64.93	64.08	63.90	63.58	63.22	62.96	70.67
Industrial Ord.	587.2	559.1	545.8	545.9	534.7	551.6	455.7
Gold Mines	278.0	266.2	266.5	271.5	266.8	273.8	328.4
Ord. Div. Yield	5.38	5.44	5.55	5.52	5.63	5.65	7.88
Earnings, Yld.% (full)	9.56	9.67	9.73	9.73	9.93	9.96	17.77
P/E Ratio (net) (*)	13.30	13.15	13.11	13.12	12.85	12.80	6.88
Total bargains	23,611	20,134	18,500	20,387	19,116	14,886	17,725
Equity turnover £m.	—	182.37	140.48	153.33	107.69	100.73	129.87
Equity bargains	—	16,777	15,341	16,009	14,015	10,918	18,027

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
10 am 567.6. 11 am 585.3. Noon 584.5. 1 pm 585.9.
2 pm 584.8. 3 pm 584.3.
Latest Index 01-246 8026.
*Nil=11.92.

HIGHS AND LOWS / S.E. ACTIVITY

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (28/5/81)	60.17 (26/10/81)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (28/5/81)	61.61 (26/10/81)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4/81)	446.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/5/81)	262.5 (28/8/81)	558.9 (22/9/80)	43.5 (26/10/71)

	Jan. 21	Jan. 20
Daily Gilt Edged Bargains	225.4	235.8
Equities Bargains	108.7	99.4
Value	568.6	385.2
5-day Avrge. Gilt-Edged Bargains	235.8	212.0
Equities Bargains	94.7	86.9
Value	276.7	241.7

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (85)
BRITISH FUNDS (9)
Treas. 8¼pc '82; Fndg. 5½pc '82-84; Excheq. 9¼pc '82; Excheq. 3pc '84; Excheq. 3pc '83; Treas. 3pc '85; Treas. 9¼pc '83; Treas. 3pc '86; Excheq. 10pc '83
LOANS (1)
FFI (UK Fn.) 5½pcDb. '80-82
AMERICANS (1)
IBM Cpn.
BANKS (2)
Midland; Wintrust
BEERS (5)
Bell (A.); Greene King; Do. 9½pcCnv.; Morland; Burtonwood
BUILDINGS (4)
Barratt Devs.; Glossop (W. J.); Blue Circle; Higgs & Hill
STORES (1)
Dewhirst
ELECTRICALS (6)
BICC; Farnell Elec.; Cable & Wireless; Ferranti; Dubilier; MK Electric
ENGINEERING (13)
Acrow; Thyssen; Do. A; Turriff; Baker Perkins; Utd. Eng.; Brown & Tawse; Weir Grp. 10pcC.Pf.; Ductile Steels; Whessoe; Jeavons Eng.; Williams (W.); Mitchell Somers
FOODS (3)
Glass Glover; Sainsbury (J.); Huntley & Palmer
INDUSTRIALS (20)
Armour Trust; Pritchard Services; Ashley Ind. Trust; Sidlaw Inds.; Assoc. Comms. A; Silentnight; Black (P.); Sketchley; Bridport-Gundry; Stag Furniture; Dunhill (Alfred); Toothill; Dyson (J. & J.) A; Trafalgar House; Glaxo; Vinten Group; Initial Services; Western Board Mills; Marling Ind.; Whatman Reeve
INSURANCE (1)
Stenhouse
LEISURE (3)
Anglia TV A; Trident TV A; Saga Hols.
NEWSPAPERS (1)
Link House
PAPER (4)
Assoc. Paper; Bunzl [illegible]; BPC; Eucalyptus
PROPERTY (1)
Beazer (C. H.)
SHIPPING (1)
Brit. & C'wealth
SOUTH AFRICANS (1)
Tiger Oats
TEXTILES (2)
Leeds Dyers; Stirling Group
TRUSTS (5)
Bankers Inv.; London & Prov.; Colonial Secs.; U.S. & General; Dominion & Gen.
MINES (1)
Pangkalan

NEW LOWS (11)
AMERICANS (2)
Bk. of America; Crown Zellerbach
CANADIANS (2)
Gulf Canada; Imperial Oil
STORES (1)
Nthn. Goldsmith
ELECTRICALS (1)
Newmark (Louis)
MOTORS (1)
Western Motor
OIL & GAS (2)
Brit. Can. Res.; Saxon
MINES (2)
Kitchener; Swan Resources

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Anglo American Gold	£35¼	+ ½	P & O Deferred	144	+ 4
Blue Circle	536	+10	Sidlaw Industrials	268	+13
Hambro Life	321	−4	Turner and Newall	106	+ 4
Huntley and Palmer	108	+16	Vaal Reefs	£32	+ 1¼
ICI	336	+ 8	Vickers	173	+ 6
MEPC	223xr	+ 7	Western Deep	£16½	+ 1

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Thursday's closing price pence	Day's change	Stock	No. of price changes	Thursday's closing price pence	Day's change
Grand Met	20	194	+ 8	Land Sec	15	300	+13
Ryl Bk of Scot	20	128	+ 4	Midland Bk	15	350	+10
Lucas Inds	19	236	+ 8	Trafalgar Hse	15	107	+ 6
GEC	18	832	+ 7	BAT Inds	14	390	+10
Ledbroke	17	134	+ 3	Courtaulds	14	81	+ 2
Tmr & Newll	16	102	+ 7	Delta Grp	14	50½	+ 3½
Comm Union	15	134	+ 6	Thorn EMI	14	448	+11

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of price changes	Thurs. closing price pence	Change on week	Stock	No. of price changes	Thurs. closing price pence	Change on week
Ryl Bk of Scot	104	128	−13	Racal Elec	71	398	+ 3
GEC	86	832	+32	Beecham	68	238	+19
ICI	82	328	+20	Euro Ferries	65	84	+ 5
Shell Trans	77	380	+ 4	Thorn EMI	63	448	+ 8
Cable & Wire	74	238	+22	Courtaulds	61	81	+ 4
BAT Inds	73	390	+40	Eagle Star	61	331	+25
RTZ	73	425	+10	Midland Bk	61	350	+12

OPTIONS

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan 25	Feb 11	Feb 12	Feb 22
Feb 15	Feb 25	Feb 26	Mar 8
Feb 15	Feb 25	Feb 26	Mar 8

* "New time" dealings may take place from 9.30 am two business days earlier.

Money was given for the call in Cosalt, Allied-Lyons, FNFC, British Land, Trident TV, Grindlays Bank, Grootvlei, Bank of Scotland, John Brown, Akroyd and Smithers, Ferranti, Weir, Unigate, Huntley and Palmer, John Laing A, MEI Furniture, Tubes, Town and City Properties and Keith Collins Petroleum. Puts were done in Associated Engineering, Keith Collins Petroleum, Fidelity Radio and Turner and Newall. No doubles were reported.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$375	1	12.50	1	30	5	42	$376.75
GOLD C	$400	—	—	24	17	1	28	"
GOLD C	$425	—	—	—	—	15	18	"
GOLD C	$475	—	—	150	5	—	—	"
GOLD P	$375	15	8.60	—	—	7	17.50	"
GOLD P	$425	4	46 B	1	58	—	—	"
12¾ NL 81 87-91								
C	F.105	65	250	—	—	—	—	F.107.60
C	F.107.50	—	—	—	—	62	2.10	"
12 NL 81 85-88								
C	F.102.50	50	1	—	—	—	—	F.102.90
10¾ NL 80 86-95								
C	F.92.50	—	—	4	5.40	—	—	F.97.50
C	F.97.50	100	0.70	35	1.60	50	2.30	"
P	F.95	—	—	—	—	100	1.20	"
P	F.97.50	25	0.60	—	—	—	—	"
		April		July		Oct.		
ABN C	F.300	5	3.60	—	—	—	—	F.296
AKZO C	F.22.50	33	3.30	—	—	—	—	F.25.10
AKZO C	F.25	90	1.60	27	2	15	2.50	"
AKZO C	F.27.50	74	0.50	—	—	20	1.30	"
AKZO P	F.22.50	56	0.30	—	—	10	0.90	"
AKZO P	F.25	50	0.80	—	—	—	—	"
AMRO C	F.55	—	—	4	1.30 A	—	—	
HEIN C	F.45	6	7.80 B	41	1.60	—	—	F.51.60
HEIN C	F.50	25	3.90	—	—	—	—	F.52.80
HEIN C	F.55	111	1.50	—	—	6	5	"
HEIN P	F.50	10	1.10	—	—	4	2	"
HEIN P	F.55	10	3.50	—	—	—	—	"
HOOG C	F.15	—	—	—	—	15	3.30	F.16.80
IBM C	$60	43	4⅛	—	—	—	—	$62⅛
IBM C	$65	—	—	—	—	20	4⅛	"
IBM P	$60	40	1⅜	—	—	—	—	"
KLM C	F.90	35	5.60	8	8.20	—	—	F.87.30
KLM C	F.100	61	2.80	17	5	—	—	"
KLM C	F.110	90	1.90	7	3.20	—	—	"
KLM P	F.80	58	1.60 B	5	3	—	—	"
KLM P	F.90	29	6 B	—	—	—	—	"
KLM P	F.100	6	14	—	—	—	—	"
NEDL C	F.130	—	—	5	9.50	—	—	F.132.80
NEDL C	F.140	19	5	6	5	—	—	"
NEDL P	F.130	—	—	15	7.30	—	—	"
NEDL P	F.140	20	7.50	37	14.50	—	—	"
NATN C	F.110	—	—	5	3.60	—	—	F.103.60
NATN C	F.115	—	—	14	1.60	—	—	"
PHIL C	F.20	444	2.90	155	3.30 A	—	—	F.22.40
PHIL C	F.22.50	854	1	698	1.20	130	1.60 A	"
PHIL C	F.25	297	0.40	—	—	—	—	"
PHIL P	F.17.50	10	0.10	—	—	—	—	"
PHIL P	F.22.50	131	0.70	—	—	5	1.50	"
PHIL P	F.20	100	2.50	—	—	—	—	"
RD C	F.80	5	5.90	—	—	5	8.30	F.82.50
RD C	F.90	156	1.90	65	3.20	5	4.90	"
RD C	F.100	4	0.50 A	—	—	—	—	"
RD P	F.80	20	2	—	—	28	4.30	"
UNIL C	F.150	23	8	—	—	—	—	F.155
UNIL C	F.160	101	2.80	7	4.80	—	—	"
UNIL P	F.140	—	—	5	1.80	—	—	"
UNIL P	F.160	—	—	5	9	—	—	"

TOTAL VOLUME IN CONTRACTS 5193

A=Asked B=Bid C=Call P=Put

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هكذا من الأصل

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

L & C Unit Trust Management Ltd.,
The Stock Exchange, London EC2N 1HA 588 2800

L&C Inc. Fund	168.9	174.2	+7.5	8.87
L&C Intl & Gen Fd	128.1	132.1	-1.8	1.62

Legal & General (Unit Tst. Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238

Equity Dis.	96.6	104.4	+1.7	4.43
Equity Acc.	136.2	146.2	+2.4	4.43
Gilt	116.6	122.7	+0.7	7.32

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Leo Distribution	121.0	128.3	—	0.42
Leo Accum	148.2	157.3	—	0.45

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

Balanced	76.9	82.6	+1.6	4.59
Do. (Accum.)	120.6	129.6	+2.4	4.59
Energy Int.	41.2	44.3	+0.4	2.25
Do. (Accum.)	41.9	45.0	+0.3	2.25
Extra Income	62.7	67.4	+0.9	8.75
Do. (Accum.)	89.3	96.0	+1.3	8.73
Income	72.9	78.4	+1.8	6.95
Do. (Accum.)	164.6	176.5	+2.8	6.95
Int. Technology	78.6	84.5	+1.6	0.42
Do. (Accum.)	80.0	86.0	+1.6	0.42
N. American & Gen.	46.9	50.4xd	+0.4	1.17
Do. (Accum.)	48.2	51.8	+0.4	1.17
Pacific Basin	48.1	51.6	+0.7	0.90
Do. (Accum.)	48.3	51.9	-0.3	0.90
Small Cos. & Recy.	58.0	62.3	+0.3	2.92
Do. (Accum.)	60.8	65.3	+0.3	2.92
Worldwide Gwth.	87.0	93.5	+1.6	2.25
Do. (Accum.)	116.9	125.6	+2.0	2.25

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	273.9	288.3	....	4.14

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Property Fd. Dec. 31	158.50	—	6.77
Wider Fund Dec. 31	289.25	—	3.45
Narrower Fd. Dec. 31	70.05	—	14.57

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

American	67.5	72.6	+0.4	2.59
(Accum. Units)	73.0	78.5	+0.5	2.59
American Recovery	76.9	82.3	+0.5	1.43
(Accum. Units)	80.2	85.8	+0.5	1.43
Australasian	77.5	82.9	+0.6	2.08
(Accum. Units)	81.4	87.1	+0.6	2.08
Commodity	125.9	134.7	+0.1	3.72

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

International Funds				
Capital	47.3	51.1xd	+0.7	2.76
I.T.U.	36.9	38.8	+1.0	3.84
Select International	365.5	393.0	+8.4	1.54
Univ. Growth	88.0	94.4	+1.7	0.72
Increasing Income Funds				
High-Yield	58.8	63.2	+1.2	7.89
Select Income	62.0	66.6	+1.0	6.54
High Income Funds				
Gilt & Fxd. Int. Inc.	45.8	48.3	+0.6	12.88
High Return	65.9	70.9xd	+1.3	8.49
Income	43.9	47.2	+0.8	9.95
U.K. Funds				
Gilt & Fxd. Int. Grth.	51.1	51.7	+0.6	5.00
UK Equity	64.1	69.2	+1.0	4.01
Overseas Funds (z)				
Europe	77.0	82.7	+0.9	1.49
Japan	133.1	143.1	+2.9	0.10
S.E. Asia	84.2	90.5	+0.1	0.66
U.S.	113.6	122.1	+1.0	0.79
Sector Funds				
Commodity	125.8	135.2	+0.8	3.32
Energy	122.4	131.6	-0.1	1.50
Exploration Fund (z)	34.8	37.4	-0.2	0.25
Financial Secs.	104.7	113.1	+1.8	2.43
New Technology (z)	46.9	50.4xd	+0.7	0.25
Fixed-Interest Fund (z)				
Intl. Bond Fd.	61.3	65.6	+0.4	2.26
Exempt Funds				
Exempt Income*	195.3	206.2	—	7.58
Exempt Intl.*	358.1	378.0	—	0.75

Prices at January 13. Next sub. day January 27.

Scotbits Securities Ltd.

Scotbits	48.7	52.6xd	+0.6	3.75
Scotyield	68.3	73.4	+1.2	7.32
Scotshares	83.1	89.8	+1.3	4.62

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	171.8	184.7	+3.0	2.71
(Accum. Units)	225.5	242.4	+4.0	2.71
Income Fund	245.3	263.7xd	+4.8	7.50
(Accum. Units)	448.6	482.3	+8.7	7.50
Gen.	138.6	149.0xd	+3.5	3.97
(Accum. Units)	193.2	207.7	+4.4	3.97
Europe	25.1	26.8	+0.2	2.90
(Accum. Units)	27.8	29.8	+0.2	2.90
Smaller Co.'s	159.0	170.9xd	+2.4	2.22
American	51.9	55.8	+0.4	0.52
(Accum. Units)	52.0	55.9	+0.5	0.52
Tokyo	57.9	62.2	+1.0	0.35
(Accum. Units)	57.9	62.2	+1.0	0.35

INSURANCE PROPERTY BONDS

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981-82 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
107	99¼	Treasury 14pc '82‡‡	99⅞	+⅛	14.01	14.29
99⅞	98⅝	Treas. Variable '82‡‡	99⅞	...	15.06	15.01
97⅞	93½	Treasury 8¼pc '82	97⅞	+¼	8.43	13.37
96⅞	93½	Exch. 9¼pc 1982	96⅝	+¼	9.55	14.26
95⅞	92⅞	Exch. 8¾pc 1983	95⅞	−¼	9.15	13.80
93⅛	84⅞	Exch. 3pc 1983	93⅛xd	+⅛	3.22	9.92
99⅞	95	Treasury 12pc 1983‡‡	97⅞	+¼	12.32	14.54
99⅞	96¼	Treas. Variable '83‡‡	99⅞	...	15.21	15.26
95¼	90½	Treasury 9¼pc '83	95¼	+⅛	9.71	12.98
101⅞	95¼	Exch. 13½pc '83	99⅞	+⅛	13.62	14.00
94¼	89¼	Exch. 10pc 1983	94¼	+½	10.61	13.53
89¼	85½	Funding 5½pc '82-84‡‡	89¼	+½	6.16	11.76
96¾	90	Exch. 11¼pc 1984	95½xd	+½	11.83	14.08
103⅞	95¼	Exchequer 14pc 1984	99	+½	14.14	14.50
84½	77	Exch. 3pc 1984	84½	−¼	3.55	10.46
98⅞	90½	Treasury 12pc 1984	94¼	−⅛	12.73	14.64
107¼	95⅞	Treasury 15pc 1985	100⅛xd	−⅛	14.94	14.89
98⅞	88¼	Exch. 12pc Cnv. '85	92⅞	+¼	12.99	15.09
77¾	71	Treasury 3pc 1985	77¾	+⅛	3.86	11.19
96⅞	85¼	Treasury 11½pc 1985	90½	+⅛	12.71	15.12
98⅞	87⅞	Exch. 12¼pc 1985	92⅞	−⅛	13.37	15.17
97⅛	84¼	Exch. 11¾pc '86	89¾xd	−⅛	13.09	15.23
73	65¼	Treasury 3pc 1986	73	−1	4.11	11.04
97⅞	84½	Treasury 12pc '86	89⅞	−⅛	13.39	15.31
85⅞	78½	Treasury 8¾pc '84-86‡‡	82¾	+⅛	10.27	13.81
95⅞	91⅞	Exch. 14pc 1986	95	+⅛	14.74	15.50
103⅞	90	Exch. 13¼pc 1987	93¼	−¼	14.21	15.40

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◊ Figures or report awaited.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	42	......	**IRISH**		
Bertrams	16	......	Conv. 9% '80/82	£94½	+⅛
Bdg'wtr. Est. 50p	415	+5	Nat. 9¾% 84/89	£65	......
Craig & Rose £1	£13	......	Fin. 13% 97/02	£75½	−⅛
Finlay Pkg. 5p	26	......	Alliance Gas	75	......
Graig Ship. £1	£23	......	Arnott	230	......
Higsons Brew	78	......	Carroll (P.J.)	79	−2
Holt (Jos) 25p	540	......	Concrete Prods.	90	......
I.O.M. Stm. £1	150	......	Helton (Hldgs.)	29	+5
Pearce (C. H.)	910	+10	Irish Ropes	37	......
Peel Hldgs.	116	......	Jacob	63	......
Sheff. Refrshmt	85	......	T.M.G.	13½	−1½
Sindall (Wm.)	280	+10	Unidare	60	......

OPTIONS

3-month Call Rates

Industrials		House of Fraser	13	Utd. Drapery	6½
Allied-Lyons	6½	I.C.I.	28	Vickers	15
BOC Intl.	11	"Imps"	5	Woolworths	4½
B.S.R.	7½	I.C.L.	5		
Babcock	9	Ladbroke	13	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	7
Beecham	17	Lex Service	9	Cap. Counties	10
Blue Circle	38	Lloyds Bank	28	Land Secs.	30
Boots	18	"Lofs"	3½	MEPC	20
Bowaters	19	London Brick	6½	Peachey	15
Brit. Aerospace	27	Lucas Inds.	25	Samuel Props.	13
B.A.T.	28	"Mams"	12	Town & City	2¼
Brown (J.)	8	Mrks. & Spncr	10		
Burton Ord.	22	Midland Bank	25	**Oils**	
Cadburys	6	N.E.I.	7	Brit. Petroleum	28
Courtaulds	5½	Nat. West. Bank	30	Burmah Oil	12
Debenhams	7	P & O Dfd.	9	Charterhall	6
Distillers	15	Plessey	25	[illegible]	19
Dunlop	6½	Racal Elec.	24	Premier	7
Eagle Star	25	R.H.M.	7	Shell	28
F.N.F.C.	4	Rank Org. Ord.	12	Tricentrol	25
Gen. Accident	30	Reed Intnl.	25	Ultramar	40
Gen. Electric	55	Sears	5		
Glaxo	52	Tesco	5	**Mines**	
Grand Met.	15	Thorn EMI	30	Charter Cons.	21
G.U.S. 'A'	36	Trust Houses	11	Cons. Gold	40
Guardian	30	Tube Invest.	12	Lonrho	7
G.K.N.	12	Turner & Newall	7½	Rio T. Zinc	45
Hawker Sidd.	25	Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Saturday January 23 1982

MAN IN THE NEWS

Scooping the beer account

BY MICHAEL THOMPSON-NOEL

HE IS USED to star billing, and the accoutrements of success. But his status as one of the shrewdest and most capable entrepreneurs British advertising has produced was confirmed once and for all this week when Peter Marsh, chairman of Allen Brady and Marsh, scooped the Guinness beer account.

Mr Marsh is perfectly at home with blue-chip clients and their glamorous accounts, of which ABM already has a sack-full. But Guinness is the most glittering prize there is.

The ABM success story is starting to rival that of the Saatchi brothers, Maurice and Charles, whose main London agency, Saatchi & Saatchi Garland-Compton, is Britain's biggest.

But there would have no ABM if, right from the start, Mr Marsh and his partner, Rod

"There's no magic lozenge on which to suck."

Peter Marsh, chairman of Allen Brady and Marsh

Allen, had not displayed the tenacity that in later years were to reap such a rich harvest. For the company was almost strangled at birth.

It was launched in 1966, financed by the Cyril Lord carpet account. Two years later, Cyril Lord went broke, leaving Mr Marsh and his agency with a debt of £115,000.

It huffed and it puffed and it paid the debt off.

By early 1974, when Mr Marsh became chairman and chief executive, ABM's billing—the money it spends on behalf of its clients—was £12m, its most important being Woolworth.

In 1979, it won the Midland Bank account, the bank going out of its way to talk of ABM's grasp of market conditions, the depth of its research, and the relevance of its creative proposals.

This marked the crossing of a Rubicon, for in addition to a client list that already included Woolworth, Whitbread, Berger Paints, Cussons, Hanson Trust, International Stores, Provincial Building Society and Moulinex, ABM had now added one of the bluest of blue-chip accounts.

Nor has ABM stopped running. The agency was originally launched by three men and a girl. In 1979, when it recorded £20.5m in billing, its staff level was 180. In 1981, when billing was £50.3m—making ABM the 9th biggest British agency—the staff numbered 304.

The gain of Guinness takes ABM's projected annual billings to more than £70m, which ranks it in the top five or six British agencies within calling distance of the leaders of the trade—Saatchi, J. Walter Thompson (from whom Guinness was plucked), and D'Arcy-MacManus and Masius.

The reason for this spirited growth was ABM's unique ability to shuffle through the pack and deal itself aces. One by one, it lured in a succession of big-spending and prestigious accounts.

This remarkable growth has been presided over, and in large part generated, by the will of one man. Mr Marsh is 50, an ex-actor, a man who derives the greatest pleasure from producing the sort of advertisements that sell brands and make money for his clients.

In the cynical and incestuous world of advertising, he stands alone as a man who has combined sometimes-outrageous levels of showmanship, which clients love, with a ferocious appetite for work and dedication to the interests of his clients.

In August last year, when ABM won the £9m-£10m Milk account, Mr Marsh said he believed in simple truths, like "total singlemindedness and utter dedication."

He added: "There is no magic lozenge on which to suck." He makes it all sound simple.

U.S. inflation shows fall to 8.9% last year

BY ANATOLE KALETSKY IN WASHINGTON

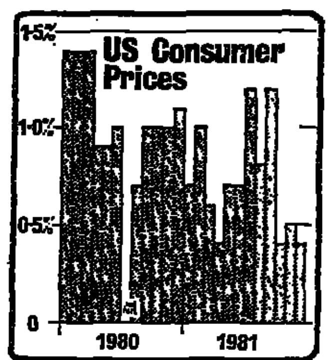
U.S. INFLATION fell to 8.9 per cent in the year to December 1981. This is the first time that the 12-month rate of inflation has been below 9 per cent since October 1978.

Seasonally-adjusted consumer prices increased by only 0.4 per cent in December, compared with an increase of 0.5 per cent in November, and rises of about 1 per cent in the summer months.

These figures, released yesterday by the U.S. Bureau of Labour Statistics, confirm that the trend in U.S. inflation is still favourable.

Along with the producer price index released last week, which showed wholesale inflation running at 7 per cent in the year to December 1981, they are being interpreted by the Administration as strong indicators that the anti-inflationary part of the Reagan economic programme is working.

In Wall Street, however, a fall in consumer price inflation to below 9 per cent has been discounted for some time and concern is already growing that anti-inflationary policy may be



jeopardised by the Administration's difficulties in controlling the Budget deficit, and the pressure this is putting on the Federal Reserve in its efforts to limit monetary growth.

The widely-publicised reluctance of President Reagan to accept the tax increases being urged on him by the Treasury and the office of Management and Budget, and anxiety about the big jump in the money supply disclosed last week by the Fed have taken much of the shine off the favourable inflation statistics.

Economic commentators and investors are much more preoccupied with the Budget decisions due to be announced in Tuesday's Presidential State of the Union message and with the chances of an economic recovery in the summer than they are with the Administration's achievement in bringing down inflation, which was running at 12.4 per cent in the year to December 1980.

The Administration's view is that once the markets accept that inflation is being "permanently" reduced to well below 10 per cent, upward pressure on interest rates will subside, and in the words of Mr Murray Weidenbaum, chairman of the Council of Economic Advisers: "Americans will be enjoying higher prosperity with lower inflation" over the next year.

Officials take particular pleasure in the fact that the three-month rate of inflation, considered an indicator of short-term trends, fell from an annualised rate of 13.5 per cent in the three months to October to one of 5.3 per cent in the three months to December.

Croda chief: Burmah bid 'dangerous'

By Duncan Campbell-Smith

FIERCE CHARGES and counter-charges yesterday brought to an end the phoney war between Burmah Oil and Croda International, the specialised chemicals producer. Burmah launched a takeover bid for Croda with a "dawn raid" in the stock market on December 18.

Sir Freddy Wood, Croda's chairman, referred to Burmah as a "dangerous financial vortex" in his first formal letter to shareholders about the £78m bid by the oil company.

Reviewing its turbulent past—Burmah was rescued from collapse by the Government in 1974-75—he described as "scarcely credible" its new ambitions, and thought it "breathtaking" that Burmah "should have the effontery" to assert strategic and financial benefits for divisions within its group.

Mr Campbell Anderson, Burmah's newly-appointed managing director from June, dismissed Sir Freddy's letter as "predictably histrionic and spurious reaction" to Burmah's 70p cash bid.

Taking words used by Sir Freddy, Mr Anderson said the response was misleading, and amounted to "trenchant, frank and forthright clap-trap."

The letter is largely devoted to a sweeping indictment of the Burmah group, its financial position, past and present management and declared future strategy.

It is to be the first shot in a double-barrelled response from Croda. The company plans to announce details of its own position on Monday, including a dividend forecast and pre-tax profits estimate for 1981.

Croda's shares closed up 2p, at 74p. Burmah closed down 1p, at 110p.

Details, Page 22

London Transport details plans for bus and Tube cuts

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

LONDON TRANSPORT yesterday published its plans for cuts in its bus and Tube services following the Law Lords' cheap fares ruling.

It admitted last night that some passengers would be seriously disadvantaged, if the cuts are accepted.

The proposals include closing seven Tube stations and three branch lines, cutting bus services by 10 per cent by the end of the year and reducing by one hour each day the time bus and Tube services will run.

Other ways of cutting costs are also to be considered, including a 5 per cent limit on wage rises this year.

London Transport wants to close the outermost extension of the Central Line between Epping and Ongar; the extension of the East London branch of the Metropolitan Line from Whitechapel to Shoreditch and the weekdays-only, peak-hour services between Holborn and Aldwych on the Piccadilly Line.

In addition, three under-used stations — Regent's Park and Edgware Road on the Bakerloo Line, and Fairlop on the Central Line — are on the closure list.

LT is also considering closing the whole of the East London branch of the Metropolitan line from Whitechapel South to New Cross and New Cross Gate.

Bus services will remain almost intact under the proposals but LT warned: "All bus passengers will experience some reduction in timetable frequencies."

Both bus and Tube services will start half on hour later, at 6 am, and will finish half an hour earlier, at midnight. Night buses may also be cut. LT's plans have been sent to the GLC for approval and need to be endorsed by Mr David Howel, the Transport Secretary.

Last week Mr Howell said he plans to legislate to give the GLC the chance to maintain concessionary fares for the elderly and to allow LT to borrow £125m over the next five years to help meet its accumulated deficit for 1981 and 1982.

The proposed cuts are expected to save over £10m this year and could eventually save £22m a year in running costs. In addition, up to £32m of capital investment could be diverted to other projects on LT over the next four years.

LT claims the stations it wants to close are used only lightly and they all need substantial capital investment especially in high cost items such as lifts. The money saved if the stations close will be used elsewhere on more heavily-used stations.

LT is also to restrict the purchase of new Tube trains for next year. As few as 15 trains are likely to be bought compared with the 28 LT planned to buy originally to help meet the higher demand for its services which followed the now illegal 32 per cent average cut in fares in October.

Continued from Page 1

Interest rates

The interest rates cuts by several European central banks follow apparent agreement at the meeting of major finance ministers in Paris last weekend on the need to cut borrowing costs. Foreign exchange dealers warn, however, that unless U.S. interest rates show signs of easing next week Europe's unilateral action may come unstuck.

There is a risk that high U.S. rates may draw international funds out of European currencies and spark further inflationary depreciation

The new gilt issue—2½ per cent Index-Linked 2011—is only the third such issue since the Treasury started the innovation of index-linking in the March Budget last year. The issue is payable as to £35 at the tender next week, with the rest due on March 16.

Continued from Page 1

BOC chief

The exchange rate favoured him with a swing from $2.39 to the pound to $1.8 in the BOC financial year.

Mr Giordano, who spends about half his time in Britain, was in the U.S. yesterday. BOC confirmed that under the bonus scheme his salary would be still higher next year if profits rose.

The average British full-time male worker earned £140.5 a week in 1981, according to the Department of Employment's New Earnings Survey.

Retail sales down 0.9% in December

BY ROBIN PAULEY AND DAVID CHURCHILL

HIGH STREET spending fell in December, according to Department of Trade statistics issued yesterday which revealed retailers' hopes of a Christmas boom had been dashed.

The sales volume was buoyant early last year but later became increasingly sluggish. Although October's figures showed a slight improvement, retailers had a taste of what was to come when November's figures gave no indication of a pre-Christmas pick up.

Although high street spending is still ahead of last year's levels, a fall in December indicates the extent to which cuts in real income are having an effect. The prospects for the next few months are gloomy.

The Department of Trade reported yesterday that the volume of retail sales fell by a seasonally adjusted 0.9 per cent in December compared with November, when t also fell by 0.9 per cent. This took the department's index of retail activity to 110 (1976=100). A revised figure will be issued next month.

The department said December sales had been affected by bad weather which disrupted pre-Christmas hsopping and the earlier sales.

The level of trade in the last three months of 1981 was about 0.5 per cent higher than in July to September and a little lower than in the previous three months.

This suggests there has been little change in the underlying level of trade since the spring.

The overall level in 1981 was about 2 per cent higher than in 1980.

Retail sales in January have also been badly hit by the severe weather, according to shops throughout the country.

The Retail Consortium, which represents the bulk of Britain's retailers said yesterday that the weeks before and after Christmas had been better, but not good enough to make up for the lost sales caused by the bad weather.

The consortium reports that the impact of the weather and the rail dispute has significantly dampened sales since the beginning of the year.

Mr David Johnson, chief executive of the nationwide Rumbelows electrical goods chain, said trade had been a third down on last year's level.

"The weather has been disastrous for us and other retailers. Some of our shops in the worst affected areas were shut for days on end by the weather, he said.

The John Lewis Partnership department stores chain said sales in the week ending January 16 were only 3 per cent up on the same week last year —a substantial fall in real terms.

The wintry weather also led to a sharp fall in the amount of consumer credit being sought. The United Association for the Protection of Trade, the largest credit reference agency in the UK, said demand in the first two weeks of January was 24 per cent down on the same period last year.

Congress may block £600m BAe deal

By Bridget Bloom, Defence Correspondent

BRITISH AEROSPACE'S contract with the U.S. Navy, which was thought certain to lead to a £600m deal involving Hawk trainer aircraft, may be in jeopardy after moves in the U.S. Congress.

A joint conference of the Senate and House of Representatives ...appropriations committees has directed the Reagan administration to reopen the competition for the U.S. Navy's new training system. A preliminary contract was awarded to BAe, in partnership with McDonnell Douglas and Sperry last November.

The congressional directive against the Hawk-based training system, which comes in a series of amendments to the Defence Appropriations Bill, is one of several actions which threaten industrial cooperation in defence between the U.S. and its Nato allies.

Among several other measures—all of which were passed just before Congress adjourned for the Christmas recess—is one which has the effect of preventing the U.S. Defence Department from importing speciality metals from abroad. In theory, this could prohibit the imuport of aircraft components.

While it is being pointed out that the congressional action comes as mid-term elections are approaching, it is understood that Nato countries have protested to Washington about the moves which could severely set back the so-called "two-way street" between the U.S. and its Western allies.

Yesterday British Aerospace confirmed the congressional action but said it was an "inescapable fact" that the company and its partners had been awarded the preliminary contract for the Hawk-based system.

Mr Caspar Weinberger, the U.S. Defence Secretary, announced on November 19 that the three companies had edged out five competitors and had been awarded a contract (part of a $15.5m interim programme) which was expected to lead to full development of the naval training system in 1983.

The Hawk, a single-engined two-seat trainer, would form the basis of a completely new system of naval jet pilot training. The entire system could involve up to $8bn (£4.2bn) of which the aircraft could acount for a third. The system could also be sold to the U.S. Air Force and there is thought to be export potential.

Weather

UK TODAY

Sunny intervals in most places but some rain in western areas.

London, E. England
Sunny with some fog at first, cloudy later. Max. 9C (48F)

Rest of England, Wales, N. Ireland, S.W. Scotland
Cloudy with scattered showers. Max. 10C (50F)

Rest of Scotland
Sunny becoming cloudy later with scattered showers. Max. 6C (43F).

Outlook: Cloudy with some rain, bright intervals, normal temperatures.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	14	57	London	C	8	46
Algiers		—	—	L. Ang.†		—	—
Amsdm.	C	4	39	Luxmbg.	F	1	34
Athens	C	11	52	Luxor	S	29	84
Bahrain		—	—	Madrid	F	7	45
Barclna.	F	11	52	Majorca	C	15	59
Beirut	S	18	64	Malaga	S	16	61
Belfast	F	4	39	Malta	R	12	54
Belgrd.	Sn	−2	28	M'chstr	C	4	39
Berlin	Sn	−5	23	Melbne.		—	—
Biarritz	C	12	54	Mx. C.†		—	—
Bmchm.	R	7	45	Miami†		—	—
Blackpl.	S	6	43	Milan	C	−1	30
Bordx.	C	11	52	Montrl.†		—	—
Boulgn.	S	7	45	Moscow	Sn	−7	19
Bristol	S	8	46	Munich	R	0	32
Brussels	C	4	39	Nairobi		—	—
Budpst.	C	−3	27	Naples	S	10	50
Cairo		—	—	Nwcstl.	S	6	43
Cardiff	R	6	43	N Yk†	C	−14	7
Cas'b'ca	F	17	63	Nice	S	14	57
Cape T		—	—	Nicosia	S	16	61
Chicg.†	S	−8	15	Oporto	F	13	55
Cologne	C	3	37	Oslo	Sn	−6	21
Cpnhgn.	C	−2	28	Paris	C	7	45
Corfu	S	13	55	Perth		—	—
Denver†		—	—	Prague	C	−7	19
Dublin	S	4	39	Rykjvk.	C	1	34
Dbrvnk.	S	8	46	Rhodes	C	13	55
Edinbgh.	S	5	41	Rio J'o†		—	—
Faro	C	16	61	Rome	C	12	54
Florence	S	11	52	Salzbrg.		—	—
Frankft.	C	−2	28	S'cisco†	S	2	36
Funchal	C	17	63	Singapr.		—	—
Geneva	F	4	39	S'ngo†		—	—
Gibrltr.	S	16	61	Stckhm.	C	−6	21
Glsg'w	R	5	41	Strsbg.	C	0	32
G'rnsey	C	9	48	Sydney		—	—
Helsinki	R	−3	27	Tangier	F	15	59
H. Kong		—	—	Tel Aviv	F	20	68
Innsbrk.	F	0	32	Tenerife	F	20	68
Invrnss.	F	5	41	Tokyo		—	—
I.o. Man	F	5	41	Toronto†	C	−6	21
Istanbul	R	4	39	Tunis	C	15	59
Jersey	S	9	48	Valencia	C	15	59
Jo'burg		—	—	Venice	F	−1	30
L. Pims	C	19	66	Vienna	C	−6	21
Lisbon	F	12	54	Warsaw	Sn	−6	21
Locarno	S	2	36	Zurich	R	1	34

C—Cloudy, F—Fair, Fg—Fog, H—Hail, R—Rain, S—Sunny, Sl—Sleet, Sn—Snow, T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

The indexed gilt Mark Three

Getting its own way over the Hongkong and Shanghai Bank seems to have done the Bank of England no end of good. It has engineered a gentle decline in interest rates this week, which has not hurt the exchange rate but has enabled clearing bank base rates to drop by half a point and very large amounts of government stock to be sold. And yesterday afternoon it demonstrated a capacity to surprise by bringing out an issue of index-linked gilt-edged stock (restricted to pension funds again) rather than the conventional issue that was widely expected.

All along the arguments in favour of index-linked stocks—apart from the cash flow advantages for the borrower—have been influenced by the Treasury's unwillingness to issue conventional stock when it is committed to bringing inflation down. Yesterday's move is certainly meant to suggest confidence in the anti-inflationary strategy, whereas last July's issue of Treasury Index-linked 2 per cent 2006 suggested the need to come up with anything that would sell. Leaving aside small tranches only one conventional long tap has been issued since the last Budget—and three indexed stocks.

The authorities held the initiative very firmly all last week—but then no one much minds being massaged four upwards, as the gilt-edged market has been. The money markets have run even further ahead of the authorities—a ½ point reduction in the Bank's short bill dealing rates has led to a fall of more than a full point in the Treasury bill rate at tender. The big risk comes from across the Atlantic—London may be less tied to New York than it was a year ago, but a scare in the very nervous U.S. bond market next week is still the biggest threat.

Takeovers

The City has three contested takeover bids on its plate at

Index rose 8.1 to 567.2

present, and they all contributed to making yesterday eventful. The Heron Group finally came up with its bid for Associated Communications, some 29 per cent above the offer from Mr Robert Holmes à Court's Bell Group, Croda brought out its first major defence document to Burmah Oil's bid, and Ward emerged with a last minute wheeze to try to free itself from the unwelcome attentions of RTZ.

Shareholders have until Tuesday afternoon to accept RTZ's bid, but the mining group has already built up a 42 per cent shareholding through buying in the market. Ward is trying to stop the juggernaut of RTZ purchases by announcing its willingness to come to terms—at a higher price, of course—after the bid has lapsed.

Any Ward shareholders who do not accept the bid now—or sell in the market to RTZ—should be aware that they are speculating on RTZ's readiness to go along with such a deal. At the moment RTZ strenuously denies that it has any intention of shifting its price by a penny, assuming that the Takeover Panel would indeed allow it to. If the bid lapses, another contested bid cannot be made for a year, and RTZ could of course sell out of Ward, although it would take a big loss by doing so.

Croda's defence to the Burmah bid is unusual in that it consists very largely of an attack on the aggressor, even though Burmah shares play no part in the offer, which is all in cash. Cataloguing an opponent's mistakes over a decade would leave most companies — not least Croda — open to a counter-punch, but Burmah is a uniquely easy target, and its present very high level of gearing gives Croda further ammunition. Arguments for Croda's independence — "good news, facts and forecasts" — are promised next week. The price of Croda Ordinary shares is still above Burmah's 70p offer, and Burmah has been unable to buy in the market since its raid on Croda last month.

Finally, ACC. The non-voting shareholders can only sit by and hope both that higher bids keep coming out and that they do not fall down at some legal hurdle. There looks to be quite as much money in this one for the lawyers as for the shareholders, and almost as many injunctions floating about as there are voting shares. Mr Holmes à Court remains in the unusual—and enviable—position of being in the chair both of ACC and one of the companies bidding for it. If the judges do not stop him, he can choose between buying the company at a low price and selling out with a big profit. The second course would seem to involve less work over the long term.

BOC

"I know the Group's executive management to be in good heart," writes Sir Leslie Smith of BOC in his chairman's statement. One reason for the good cheer may be found under note seven of the accounts, which discloses that the board's emoluments totalled £1.76m in the year to September 1981. This is rather greater than the last disclosed payments to the directors of ICI or Barclays Bank and more than double the emoluments of the self-sacrificing board at British Petroleum.

The earnings of Mr Richard Giordano, the chief executive, were by themselves equivalent to almost two per cent of retained group profits. Shareholders may raise their eyebrows at payments on this level. But Mr Giordano's track record has been impressive since his arrival from Airco; the share price has gone up just about as fast as his salary.

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